

Contents

Company information	2
Directors' report to the shareholders on condensed interim unconsolidated unaudited financial statements	4
Condensed interim unconsolidated unaudited statement of financial position	10
Condensed interim unconsolidated unaudited statement of profit or loss	12
Condensed interim unconsolidated unaudited statement of comprehensive income	13
Condensed interim unconsolidated unaudited statement of changes in equity	14
Condensed interim unconsolidated unaudited statement of cash flows	15
Notes to and forming part of the condensed interim unconsolidated unaudited financial statements	16
Packages Group condensed interim consolidated financial statements	27
Directors' report to the shareholders on condensed interim consolidated financial statements	28
Condensed interim consolidated unaudited statement of financial position	36
Condensed interim consolidated unaudited statement of profit or loss	38
Condensed interim consolidated unaudited statement of comprehensive income	39
Condensed interim consolidated unaudited statement of changes in equity	40
Condensed interim consolidated unaudited statement of cash flows	41
Notes to and forming part of the condensed interim consolidated unaudited financial statements	42

COMPANY INFORMATION

Board of Directors

Towfiq Habib Chinoy
(Chairman)
(Non-Executive Director)

Syed Hyder Ali
(Chief Executive & Managing Director)
(Executive Director)

Asghar Abbas
(Executive Director)

Imran Khalid Niazi
(Non-Executive Director)

Josef Meinrad Mueller
(Non-Executive Director)

Shamim Ahmad Khan
(Non-Executive Director)

Syed Aslam Mehdi
(Non-Executive Director)

Syed Shahid Ali
(Non-Executive Director)

Tariq Iqbal Khan
(Non-Executive Director)

Advisor

Syed Babar Ali

Chief Financial Officer

Khurram Raza Bakhtayari

Company Secretary

Adi J. Cawasji

Rating Agency

PACRA

Company Credit Rating

Long Term : AA
Short Term : A1 +

Auditors

A.F. Ferguson & Co.
(Chartered Accountants)

Legal Advisors

Hassan & Hassan - Lahore
Orr, Dignam & Co. - Karachi

Shares Registrar

FAMCO Associates (Pvt.) Ltd
8-F, Next to Hotel Faran
Nursery, Block 6, P.E.C.H.S.
Shahrah-e-Faisal
Karachi-75400

PABX : (021) 34380101-5

: (021) 34384621-3

Fax : (021) 34380106

Email : info.shares@famco.com.pk

Bankers & Lenders

Askari Bank Limited
Bank Al-Habib Limited
Deutsche Bank A.G.
Habib Bank Limited
International Finance Corporation (IFC)
JS Bank Limited
MCB Bank Limited
Standard Chartered Bank (Pakistan) Limited

Head Office & Works

Shahrah-e-Roomi
P.O. Amer Sidhu
Lahore - 54760, Pakistan
PABX : (042) 35811541-46
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Offices

Registered Office & Regional Sales office

4th Floor, The Forum
Suite No. 416 - 422, G-20, Block 9
Khayaban-e-Jami, Clifton
Karachi-75600, Pakistan

PABX : (021) 35874047-49
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Regional Sales Office

2nd Floor, G.D. Arcade
73-E, Fazal-ul-Haq Road, Blue Area
Islamabad-44000, Pakistan

PABX : (051) 2348307-9
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Zonal Sales Offices

C-2, Hassan Arcade Nusrat Road
Multan Cantt. - 60000, Pakistan
Tel & Fax : (061) 4504553

2nd Floor Sitara Tower
Bilal chowk, Civil Lines, Faisalabad - Pakistan
Tel : (041) 2602415
Fax : (041) 2629415

Web Presence

www.packages.com.pk

DIRECTORS' REPORT ON CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2020

The Directors of Packages Limited are pleased to submit to its shareholders, three months report along with the condensed interim un-audited financial statements of the Company for the three months ended March 31, 2020.

Financial and Operational Performance

A comparison of the un-audited financial results for the first quarter ended March 31, 2020 as against March 31, 2019 is as follows:

	Jan - March 2020	Jan - March 2019
	(Rupees in million)	
Sales from operations	6,527	5,857
Trade discounts	(114)	(85)
Net sales from operations	6,413	5,772
EBITDA - operations	889	752
Depreciation and amortization	(222)	(200)
EBIT - operations	667	552
Finance costs	(301)	(206)
Other (expenses) / income - net	(46)	(41)
Investment income	-	1,096
Earnings before tax	320	1,401
Taxation	(121)	(324)
Earnings after tax	199	1,077
Basic earnings per share - Rupees	2.22	12.04

We are pleased to report that the core manufacturing operations of the Company showed improved performance in a difficult and competitive environment. The Company has achieved net sales of Rs. 6,413 million against net sales of Rs. 5,772 million of corresponding period of last year, representing sales growth of 11%.

The operations have generated Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) of Rs. 889 million during the first quarter of 2020 against Rs. 752 million of the corresponding period of 2019, representing an increase of Rs. 137 million (18%) mainly due to revenue growth and tighter controls over fixed costs.

The Company's investment income decreased by Rs. 1,096 million in the current period as compared to the corresponding period of the last year on account of discontinuation of dividend income from an investee company and no dividend declaration by subsidiaries and associates during this quarter. This has resulted in decline in earnings after tax.

A brief review of the operations of the Company's business divisions is as follows:

Consumer Products Division

Consumer Products Division has registered net sales of Rs. 1,592 million during first three months of 2020 as compared to Rs. 1,243 million in corresponding period of 2019, representing sales growth of 28%.

The Division's EBITDA increased by Rs. 125 million which is representing 80% improvement in operating results during first three months of 2020 as compared to corresponding period of 2019 mainly on account of revenue growth and tighter controls over costs.

Packaging Division

Packaging Division has achieved net sales of Rs. 4,795 million during first three months of 2020 as compared to Rs. 4,497 million in corresponding period of year 2019 representing sales growth of 7%. Resultantly, operating results (EBITDA) improved by 6%.

Comparative statement of production in the period under review and the corresponding period is as follows:

	Jan - March 2020	Jan - March 2019
Consumer products produced - tons	4,055	3,413
Carton Board & Consumer Products converted - tons	10,818	11,631
Plastics all sorts converted - tons	5,409	5,014

Internal restructuring

The Board of Directors approved internal restructuring of Packages Limited with the objective of creating a holding company. The arrangement will help in developing operating synergies across businesses, managing operations in a focused manner and streamlining ownership structure. This is in line with international practices being followed in the corporate world. The restructuring shall not affect the rights of the shareholders of Packages Limited in any manner.

The Company incorporated two wholly owned subsidiaries and will transfer:

- (a) its manufacturing businesses including folding cartons, flexible packaging, consumer products and mechanical fabrication and roll covers along with all relevant assets, operations and corresponding liabilities into a 100% wholly owned subsidiary named "Packages Convertors Limited"; and
- (b) its investment business comprising shares of various companies, operations along with corresponding liabilities, if any, into another 100% wholly owned subsidiary named "Packages Investments Limited".

Packages Limited will be a holding company and all assets, properties and liabilities other than those assets, operations and corresponding liabilities being transferred to the above-mentioned wholly owned subsidiaries, will remain with the Company. The transaction was approved by shareholders of the Company in EOGM held on May 30, 2019.

Packages Convertors Limited and Packages Investments Limited filed an application with Securities and Exchange Commission of Pakistan (SECP) for approving the above-mentioned transfers of assets and corresponding liabilities which has been granted by SECP, subject to certain conditions. Packages Convertors Limited has informed that they intend to proceed with the transfer of the manufacturing businesses against the issuance of shares. Packages Investments Limited is currently evaluating different options for the transfer in light of the approval granted by SECP.

Accordingly, the Board has resolved to consummate the transfer of manufacturing businesses and to hold

the transfer of investment business for the time being and will finalize the way forward in this regard in the best interest of the Company and its shareholders.

COVID-19

The COVID-19 outbreak has developed rapidly in 2020. The pandemic has not only resulted in significant number of infections but has also adversely impacted the global economy. The Punjab Government through Notification NO. SO (IS-II) dated March 23, 2020 ordered lockdown in entire province giving exemptions to specific institutes and industries.

Packages Limited, being engaged in provision of essential services, comes under the exemption given by the Punjab Government through continuation of the above notification dated March 25, 2020.

The management of your Company has established crisis management team. This team is analyzing the situation on daily basis and taking prompt actions to implement all possible preventive measures and to ensure continuity of business operations. During this time, your Company has endeavored to maintain business performance despite slowed down economic activity.

Future Outlook

In current COVID 19 pandemic and rising competition in packaging and consumer product business, the Company would continue its efforts to improve shareholders' value by increasing and diversifying revenue and expanding customer base, as well as by investing in new technology and improving production efficiencies.

Company's Staff and Customers

We wish to record our appreciation of the commitment of our employees to the Company and continued patronage of our customers.



(Towfiq Habib Chinoy)
Chairman
Karachi, April 23, 2020



(Syed Hyder Ali)
Chief Executive & Managing Director
Karachi, April 23, 2020

کووڈ-19

کووڈ-19 کے پھیلاؤ میں سال 2020 میں تیزی سے اضافہ ہوا ہے عالمی وباء نے نا صرف کثیر تعداد میں لوگوں کو بلکہ عالمی معیشت کو بری طرح متاثر کیا ہے۔ حکومت پنجاب نے اپنے اعلامیہ نمبر SO (IS-11) مورخہ 23 مارچ 2020 کو پورے صوبے میں لاک ڈاؤن کے احکامات جاری کئے ہیں جس میں مخصوص صنعتوں اور اداروں کو استثناء دیا گیا ہے۔


پیکجیر لیہیڈ ضروری اشیاء اور خدمات کی فراہمی کے تسلسل کی وجہ سے حکومت پنجاب کے استثناء کے اعلامیہ مورخہ 25 مارچ 2020 کے ذمے میں آتی ہے۔ آپ کی کمپنی کی انتظامیہ نے بحران کے انتظام کی ٹیم تشکیل دی ہے۔ کراسیس مینجمنٹ ٹیم روزانہ کی بنیاد پر صورت حال کا جائزہ اور فوری اقدامات لے رہی ہے جس کا مقصد تمام حفاظتی اقدامات کا نفاذ اور کاروبار کے تسلسل کو یقینی بنایا جاسکے۔ اس دوران آپ کی کمپنی نے عالمی معیشت میں سست روی کے باوجود کاروباری کارکردگی کو برقرار رکھنے کی کاوش جاری رکھی ہے۔


مستقبل پر ایک نظر

موجودہ کووڈ-19 کی عالمی وباء اور پیکجنگ اور اشیاء صارف کے کاروبار میں بڑھتی ہوئی مسابقت کے ماحول میں کمپنی حصص کنندگان کی قدر میں بہتری کیلئے پیداواری صلاحیت کو بڑھانے، صارفین کے دائرہ کار میں اضافے ساتھ ساتھ نئی ٹیکنالوجی میں سرمایہ کاری اور باکفایت پیداواری صلاحیت یقینی بنانے پر اپنی کوشش جاری رکھے گی۔

کمپنی کا عملہ اور صارفین

ہم کمپنی کے لئے اپنے ملازمین کی پیش قدمی اور اپنے صارفین کی مستقل سرپرستی پر انہیں خراج تحسین پیش کرتے ہیں۔


(سید حبیب علی)
چیف ایگزیکٹو اور مینجنگ ڈائریکٹر
کراچی، 23 اپریل 2020


(توفیق حبیب چٹائے)
چیرمین
کراچی، 23 اپریل 2020

کنز یومر پروڈکٹس ڈویژن

کنز یومر پروڈکٹس ڈویژن نے 2020 کے پہلے تین ماہ کے دوران 1,592 ملین روپے کی خالص سیلز حاصل کی جبکہ 2019 کی اسی مدت کے دوران یہ 1,243 ملین روپے تھی جو 28 فیصد کی سیلز گروتھ ظاہر کرتی ہے۔

ڈویژن کے EBITDA میں 2020 کی پہلی سہ ماہی کے دوران 125 ملین روپے کا اضافہ ہوا جو کہ 2019 کی اسی مدت کے تقابل میں 80 فیصد اضافہ ظاہر کرتی ہے جسکی بنیادی وجہ ریونیو گروتھ اور طے کردہ مالیات پر سخت کنٹرول تھا۔

پیکجنگ ڈویژن

پیکجنگ ڈویژن نے 2020 کے پہلے تین ماہ کے دوران 4,795 ملین روپے کی خالص سیلز حاصل کی جبکہ 2019 کی اسی مدت کے دوران یہ 4,497 ملین روپے تھی جو کہ سیلز گروتھ میں 7 فیصد اضافہ کو ظاہر کرتی ہے۔ آپریٹنگ نتائج 6 فیصد سے بہتر ہوئے ہیں۔ زیر جائزہ مدت کے لئے پیداواری اعداد و شمار بشمول گزشتہ مدت کا تقابل درج ذیل کے مطابق ہے:

جنوری-مارچ 2019	جنوری-مارچ 2020	
3,413	40,55	اشیائے صارف تیار کردہ - ٹر
11,631	10,818	کارٹن بورڈ اور کنز یومر پروڈکٹس - کنورٹڈ - ٹر
5,014	5,409	پلاسٹک تمام اقسام کنورٹڈ - ٹر

اندرونی تنظیم نو

ہولڈنگ کمپنی بنانے کے مقصد کے حصول کے لئے پیکجنگ لمیٹڈ کے بورڈ آف ڈائریکٹرز نے اندرونی تنظیم نو کی منظوری دے دی ہے۔ یہ اقدام کاروباری ڈھانچہ میں آپریٹنگ ہم آہنگی، آپریٹنگ کو توجہ کے ساتھ چلانے اور ملکیتی ڈھانچے کو ہم آہنگ کرنے میں مدد دے گا۔ یہ اقدام کاروباری دنیا میں اپنائے جانے والے بین الاقوامی طریقوں کے عین مطابق ہے۔ یہ تنظیم نو پیکجنگ لمیٹڈ کے حصہ داران پر کسی بھی طریقے سے کوئی اثر مرتب نہیں کرے گا۔ اسی حوالے سے، کمپنی مکمل ملکیتی سو فیصد ذیلی ادارے بنائے گی اور اس میں مندرجہ ذیل منتقل کرے گی

- (ا) اپنے مینوفیکچرنگ کاروبار بشمول فولڈنگ کارٹن، فلکسیبل پیکجنگ، اشیاء صارف، میکینیکل فیبریکیشن اور رول کور اور اس کے ساتھ ساتھ متعلقہ اثاثہ جات آپریٹنگ اور متعلقہ Liabilities ایک مکمل سو فیصد ذیلی ادارہ پیکجنگ کنورٹڈ لمیٹڈ Packages Convertor Limited میں
- (ب) اپنے سرمایہ کاری کے کاروبار جس میں مختلف اداروں کے حصص، آپریٹنگ اور ان سے منسلک Liabilities (اگر کوئی ہے) کو اپنے مکمل ملکیتی ذیلی ادارے Packages Investment Limited میں

پیکجنگ لمیٹڈ ایک ہولڈنگ کمپنی رہے گی اور آپریٹنگ، اثاثہ جات، Liabilities جو کہ اوپر بیان کردہ مکمل ملکیتی ذیلی اداروں میں منتقل ہونے کے علاوہ تمام دوسرے اثاثہ جات، Liabilities اور جائیدادیں پیکجنگ لمیٹڈ کی ملکیت رہیں گی۔ کمپنی کے شیئرز ہولڈرز نے اس کاروائی کی منظوری 30 مئی 2019 کو منعقدہ EOGM میں دی۔ پیکجنگ کنورٹڈ لمیٹڈ اور پیکجنگ انویسٹمنٹ لمیٹڈ نے مذکورہ بالا اثاثہ جات اور متعلقہ واجبات کی منتقلی کو موثر بنانے کے لئے Security and Exchange Commission of Pakistan کو درخواست دی تھی جسکی SECP نے مشروط منظوری دے دی ہے۔ پیکجنگ کنورٹڈ لمیٹڈ نے مطلع کیا ہے کہ وہ کنورٹنگ کے کاروبار کے تبادلے کی مدد میں حصص جاری کرنے کا ارادہ رکھتی ہے۔ پیکجنگ انویسٹمنٹ لمیٹڈ کی طرف سے SECP کی عطا کردہ منظوری کی روشنی میں تبادلے سے منسوب مختلف آپشنز کا جائزہ لے رہی ہے۔

31 مارچ 2020 کو ختم ہونے والے سہ ماہی کے لئے ڈائریکٹرز کی رپورٹ بشمول عبوری غیر آڈٹ شدہ مالیاتی معلومات

پیکیز لمیٹڈ کے ڈائریکٹرز بہ مسرت سہ ماہی رپورٹ بشمول کمپنی کے مجموعی عبوری غیر آڈٹ شدہ مالیاتی معلومات برائے مدت 31 مارچ 2020 پیش کر رہے ہیں۔

مالیاتی اور آپریشنل کارکردگی

31 مارچ 2020 کو ختم ہونے والی پہلی سہ ماہی کی مدت کے لئے غیر آڈٹ شدہ مالیاتی نتائج کا ایک تقابلہ بمقابلہ 31 مارچ 2019 درج ذیل کے مطابق ہے:

جنوری۔ مارچ 2019	جنوری۔ مارچ 2020	پہلی سہ ماہی
5,857	6,527	خالص سیلز
(85)	(114)	تجارتی ڈسکاؤنٹ
5,772	6,413	
752	889	ای بی آئی ٹی ڈی اے (EBITDA) - آپریشنز
(200)	(222)	فرضوگی اور کساد بازاری
552	667	ای بی آئی ٹی (EBIT) - آپریشنز
(206)	(301)	فنانس کی لاگت
(41)	(46)	دیگر (اخراجات) / آمدنی - خالص
1,096	-	سرمایہ کاری سے آمدنی
1,401	320	آمدنی قبل از ٹیکس
(324)	(121)	ٹیکسیشن
1,077	199	آمدنی بعد از ٹیکس
12.04	2.22	بنیادی آمدنی فی شیئر - روپے

ہم با مسرت اطلاع دے رہے ہیں کہ کمپنی کے کلیدی مینیجنگ آپریشنز نے مشکل اور مسابقتی ماحول میں نمایاں طور پر بہتر کارکردگی کا مظاہرہ کیا۔ کمپنی نے 6,413 ملین روپے کی خالص سیلز حاصل کی جبکہ گزشتہ سال کی اسی مدت میں خالص سیلز 5,772 ملین روپے رہے تھے۔ جو کہ 11% کی سیلز گروتھ کو ظاہر کرتی ہے۔

آپریشنز سے 2020 کی سہ ماہی کے دوران آمدنی قبل از ٹیکس، ٹیکس، فرضوگی اور کساد بازاری (EBITDA) 889 ملین روپے رہی جو کہ 2019 میں 752 ملین روپے تھی۔ جو کہ 137 ملین روپے، 18 فیصد کا اضافہ ظاہر کرتی ہے، جو بنیادی طور پر ریونیو گروتھ اور طے کردہ مالیات پر سخت کنٹرول کے باعث ممکن ہوا۔

کمپنی کی سرمایہ کاری سے آمدنی میں رواں مدت کے دوران گزشتہ سال کی اس مدت کے مقابلے میں 1,096 ملین روپے کی کمی دیکھنے میں آئی جس کی وجہ سرمایہ کار کمپنی سے منافع منقسمہ کا ختم ہونا، ذیلی اور ایسویٹ اداروں سے منافع منقسمہ کا کم اعلان تھا جس کے نتیجے میں آمدنی بعد از ٹیکس میں کمی ہوئی۔

کمپنی کے کاروباری ڈویژنوں کے آپریشنز کا ایک مختصر جائزہ درج ذیل کے مطابق ہے:

PACKAGES LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
as at March 31, 2020

	March 31, 2020	December 31, 2019
Note	Un-audited	Audited
	(Rupees in thousand)	
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Authorised capital		
150,000,000 (2019: 150,000,000) ordinary shares of Rs. 10 each	1,500,000	1,500,000
22,000,000 (2019: 22,000,000) 10% non-voting preference shares / convertible stock of Rs. 190 each	4,180,000	4,180,000
Issued, subscribed and paid up capital		
89,379,504 (2019: 89,379,504) ordinary shares of Rs. 10 each	893,795	893,795
8,186,842 (2019: 8,186,842) 10% non-voting preference shares / convertible stock of Rs. 190 each	606,222	606,222
Reserves	45,157,126	49,083,612
Un-appropriated profits	1,537,027	2,338,349
	48,194,170	52,921,978
NON-CURRENT LIABILITIES		
Long term finances	2,532,650	2,732,650
Lease liabilities	39,664	40,774
Long term advances	59,562	58,907
Deferred taxation	485,990	461,990
Retirement benefits	643,890	620,559
Deferred liabilities	190,256	178,448
Deferred revenue	283,251	-
	4,235,263	4,093,328
CURRENT LIABILITIES		
Current portion of non-current liabilities	420,619	221,348
Current portion of deferred revenue	25,750	-
Finances under mark-up arrangements - secured	5,554,718	5,713,146
Trade and other payables	4,499,590	3,486,302
Unclaimed dividend	50,292	55,203
Accrued finance cost	421,013	335,208
	10,971,982	9,811,207
CONTINGENCIES AND COMMITMENTS		
	-	-
	63,401,415	66,826,513

		March 31, 2020	December 31, 2019
	Note	Un-audited	Audited
(Rupees in thousand)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	7,470,133	7,286,430
Right-of-use assets		56,400	62,592
Investment properties		486,617	487,443
Intangible assets	9	62,318	65,129
Investments	10	42,787,377	47,713,862
Long term security deposits		5,339	7,771
Long term loans		225	288
		50,868,409	55,623,515

CURRENT ASSETS


Stores and spares	677,341	658,159
Stock-in-trade	4,103,421	3,438,686
Short term investments	80,000	80,000
Trade debts	3,719,561	3,045,048
Loans, advances, deposits, prepayments and other receivables	896,030	857,917
Income tax receivable	2,920,545	2,888,058
Cash and bank balances	136,108	235,130
	12,533,006	11,202,998

63,401,415	66,826,513
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The annexed notes 1 to 19 form an integral part of this condensed unconsolidated unaudited interim financial statements.


Syed Hyder Ali
Chief Executive & Managing Director



Asghar Abbas
Director


Khurram Raza Bakhtayari
Chief Financial Officer

PACKAGES LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
for the three months ended March 31, 2020

	Note	Three months ended	
		March 31, 2020	March 31, 2019
		Un-audited	Un-audited
(Rupees in thousand)			
Local sales		7,651,465	6,871,512
Export sales		55,144	69,484
		7,706,609	6,940,996
Less: Sales tax		1,179,713	1,083,866
Trade discount		114,482	85,345
		1,294,195	1,169,211
Net sales		6,412,414	5,771,785
Cost of sales	11	(5,005,095)	(4,627,165)
Gross profit		1,407,319	1,144,620
Administrative expenses		(288,423)	(248,178)
Distribution and marketing costs		(421,509)	(344,752)
Net impairment lossess on financial assets		(30,876)	-
Other expenses		(104,288)	(102,844)
Other income		58,463	61,881
Profit from operations		620,686	510,727
Finance costs		(301,008)	(206,419)
Investment income		-	1,096,038
Profit before taxation		319,678	1,400,346
Taxation	12	(121,000)	(324,000)
Profit for the period		198,678	1,076,346
Earnings per share			
Basic	Rupees	2.22	12.04
Diluted	Rupees	2.22	11.36

The annexed notes 1 to 19 form an integral part of this condensed unconsolidated unaudited interim financial statements.


Syed Hyder Ali
Chief Executive & Managing Director



Asghar Abbas
Director


Khurram Raza Bakhtayari
Chief Financial Officer

PACKAGES LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
for the three months ended March 31, 2020

	Three months ended	
	March 31, 2020	March 31, 2019
	Un-audited	Un-audited
	(Rupees in thousand)	
Profit for the period	198,678	1,076,346
Other comprehensive loss		
<i>Items that will not be reclassified to profit or loss</i>		
Changes in fair value of available for sale investments	(4,926,484)	(6,598,570)
Total comprehensive loss for the period	(4,727,806)	(5,522,224)

The annexed notes 1 to 19 form an integral part of this condensed unconsolidated unaudited interim financial statements.


Syed Hyder Ali
Chief Executive & Managing Director


Asghar Abbas
Director


Khurram Raza Bakhtayari
Chief Financial Officer

PACKAGES LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(UN-AUDITED)

for the three months ended March 31, 2020

	Issued, subscribed and paid up capital		Reserves					Capital and reserves
	Ordinary share capital	Preference share/convertible stock	Capital reserves			Revenue reserves		Total
			Share premium	FVOCI	Capital redemption reserve	General reserve	Un-appropriated profits	
	(R u p e e s i n t h o u s a n d)							
Balance as on January 01, 2019 (audited)	893,795	606,222	3,766,738	28,858,326	1,615,000	17,310,333	3,383,824	56,434,241
Appropriation of reserves								
Transfer to general reserve	-	-	-	-	-	1,000,000	(1,000,000)	-
Total comprehensive (loss) / income for the period ended March 31, 2019								
Profit for the period	-	-	-	-	-	-	1,076,346	1,076,346
Other comprehensive loss	-	-	-	(6,598,570)	-	-	-	(6,598,570)
	-	-	-	(6,598,570)	-	-	1,076,346	(5,522,224)
Balance as on March 31, 2019 (un-audited)	893,795	606,222	3,766,738	22,259,756	1,615,000	18,310,333	3,460,170	50,912,017
Balance as on January 01, 2020 (audited)	893,795	606,222	3,766,738	25,391,541	1,615,000	18,310,333	2,338,349	52,921,978
Appropriation of reserves								
Transfer to general reserve	-	-	-	-	-	1,000,000	(1,000,000)	-
Total comprehensive (loss) / income for the period ended March 31, 2020								
Profit for the period	-	-	-	-	-	-	198,678	198,678
Other comprehensive loss	-	-	-	(4,926,484)	-	-	-	(4,926,484)
	-	-	-	(4,926,484)	-	-	198,678	(4,727,806)
Balance as on March 31, 2020 (un-audited)	893,795	606,222	3,766,738	20,465,056	1,615,000	19,310,333	1,537,027	48,194,170

The annexed notes 1 to 19 form an integral part of this condensed unconsolidated unaudited interim financial statements.


 Syed Hyder Ali
 Chief Executive & Managing Director


 Asghar Abbas
 Director


 Khurram Raza Bakhtayari
 Chief Financial Officer

PACKAGES LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)
for the three months ended March 31, 2020

	Note	Three months ended	
		March 31, 2020	March 31, 2019
		Un-audited	Un-audited
(Rupees in thousand)			
Cash flows from operating activities			
Cash generated from operations	14	810,143	(300,534)
Finance cost paid		(213,692)	(133,680)
Income tax paid		(129,487)	(230,945)
Income tax refunded		-	27,645
Long term security deposits received		2,432	2,432
Payments for accumulating compensated absences		(1,906)	(9,050)
Retirement benefits paid		(4,087)	(5,368)
Net cash inflow / (outflow) from operating activities		463,403	(649,500)
Cash flows from investing activities			
Fixed capital expenditure		(408,435)	(109,496)
Proceeds from investments		-	10,000
Long term loans and deposits - net		63	1,398
Proceeds from disposal of operating fixed assets		11,982	17,683
Dividends received		-	1,096,038
Long term advances - net		3,648	(5,258)
Net cash (outflow) / inflow from investing activities		(392,742)	1,010,365
Cash flow from financing activities			
Long term finances - net		-	1,625,000
Repayment of lease liabilities		(6,344)	-
Unclaimed dividend paid		(4,911)	(2,633)
Net cash (outflow) / inflow from financing activities		(11,255)	1,622,367
Net increase in cash and cash equivalents		59,406	1,983,232
Cash and cash equivalents at the beginning of the period		(5,478,016)	(4,351,503)
Cash and cash equivalents at the end of the period	15	(5,418,610)	(2,368,271)

The annexed notes 1 to 19 form an integral part of this condensed unconsolidated unaudited interim financial statements.


Syed Hyder Ali
Chief Executive & Managing Director


Asghar Abbas
Director


Khurram Raza Bakhtayari
Chief Financial Officer

PACKAGES LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL STATEMENTS (UN-AUDITED)

for the three months ended March 31, 2020

1. Legal status and nature of business

Packages Limited (the 'Company') is a public limited company incorporated in Pakistan and is listed on Pakistan Stock Exchange Limited. It is principally engaged in the manufacture and sale of packaging materials and tissue products. The registered office of the Company is situated at 4th floor, the Forum, Suite No. 416 - 422, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi, Pakistan. Head office and factory is located at Shahrah-e-Roomi, P.O. Amer Sidhu, Lahore, Pakistan.

The Company also holds investments in companies engaged in the manufacture and sale of inks, flexible packaging material, paper, paperboard and corrugated boxes, biaxially oriented polypropylene ('BOPP') films and cast polypropylene ('CPP') films, ground calcium carbonate products, and companies engaged in insurance, power generation and real estate business.

These condensed interim financial statements are the separate condensed interim financial statements of the Company. Condensed consolidated interim financial statements are prepared separately.

- 1.1** The Board of Directors of the Company, in its meeting held on April 24, 2019, has evaluated and approved internal restructuring of the Company with an objective to create a holding company, subject to procuring all applicable regulatory, corporate and third party approvals and execution of relevant documents / agreements between the Company and relevant subsidiaries. This arrangement will help in developing operating synergies across businesses, managing operations in a focused manner and streamlining the ownership structure. The proposed restructuring shall not affect the rights of the shareholders of the Company.

In this regard, the Company has incorporated two wholly owned subsidiaries and will transfer:

- (a) its manufacturing businesses including folding cartons, flexible packaging, consumer products and mechanical fabrication and roll covers along with all relevant assets, operations and corresponding liabilities into a separate 100% wholly owned subsidiary, namely Packages Convertors Limited; and
- (b) its investment business comprising shares of various companies, operations along with corresponding liabilities, if any, into another 100% wholly owned subsidiary, namely Packages Investments Limited.

Packages Limited will be a holding company and all assets, properties and liabilities other than those assets, operations and corresponding liabilities being transferred to the above-mentioned wholly owned subsidiaries, will remain with the Company. The transaction was approved by shareholders of the Company in EOGM held on May 30, 2019.

Packages Convertors Limited and Packages Investments Limited filed an application with Securities and Exchange Commission of Pakistan (SECP) for approving the above-mentioned transfers of assets and corresponding liabilities which has been granted by SECP, subject to certain conditions.

Packages Convertors Limited has informed that they intend to proceed with the transfer of the manufacturing businesses against the issuance of shares. Packages Investments Limited is currently evaluating different options for the transfer in light of the approval granted by SECP.

Accordingly, the Board has resolved to consummate the transfer of manufacturing businesses and to hold the transfer of investment business for the time being and will finalize the way forward in this regard in the best interest of the Company and its shareholders.

- 1.2.** The COVID-19 outbreak has developed rapidly in 2020. The pandemic has not only resulted in significant number of infections but has also adversely impacted the global economy. The Punjab Government through Notification NO. SO (IS-II) dated March 23, 2020 ordered lockdown in entire province giving exemptions to specific institutes and industries.

Packages Limited, being engaged in provision of essential services, comes under the exemption given by the Punjab Government through continuation of the above notification dated March 25, 2020.

The management of the Company has established crisis management team. This team is analyzing the situation on daily basis and taking prompt actions to implement all possible preventive measures and to ensure continuity of business operations. During this time, the Company has endeavored to maintain business performance despite slowed down economic activity.

2. Basis of preparation

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- i) International Accounting Standard ('IAS') 34, 'Interim Financial Reporting', issued by International Accounting Standards Board ('IASB') as notified under the Companies Act, 2017; and
- ii) Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3. Significant accounting policies

- 3.1** The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended December 31, 2019.

3.2 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the Company's condensed interim unconsolidated financial statements covering annual periods, beginning on or after the following dates:

3.2.1 Standards, amendments and interpretations to approved accounting standards that are effective in the current period

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on January 1, 2020, but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements.

3.2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the companies having accounting periods beginning on or after January 1, 2019 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

4. Taxation

Income tax expense comprises of current and deferred tax. SECP vide its certificate dated December 14, 2017, has registered the Company and its wholly-owned subsidiary Bulleh Shah Packaging (Private) Limited ('BSPPL') (together the 'Group') as a Group and has also, vide its certificate dated January 1, 2018, designated the Group for the purpose of group taxation under Section 59AA of the Income Tax Ordinance, 2001. Consequent to the filing of declaration for group taxation for the tax year 2020 by the Company and BSPPL, the Group will be taxed as one fiscal unit for the tax year 2020. SECP has vide its certificate dated July 30, 2019 has altered the composition of the Group to included the Company, BSPPL, Packages Investments Limited ('PIL') and Packages Convertors Limited ('PCL') therein. Further, SECP vide its certificate dated November 06, 2019 has approved the designation of Company, BSPPL, PIL and PCL for Group Taxation.

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

Current and deferred taxes based on the consolidated results of the Group are allocated within the Group on the basis of separate return method, modified for determining realisability of tax credits and tax losses which are assessed at Group level. Any adjustments in the current and deferred taxes of the Company on account of group taxation are credited or charged to profit or loss account in the period in which they arise.

5. Critical accounting estimates and judgements

The preparation of these condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation

uncertainty were the same as those that applied to the financial statements for the year ended December 31, 2019, with the exception of changes in estimates that are required in determining the provision for income taxes as referred to in note 4.

6. Long term finances

	March 31, 2020	December 31, 2019
Note	Un-audited	Audited
	(Rupees in thousand)	
Local currency loans - secured	2,000,000	2,000,000
Preference shares / convertible stock - unsecured	932,650	932,650
	2,932,650	2,932,650
Current portion shown under current liabilities	(400,000)	(200,000)
	2,532,650	2,732,650

6.1 The reconciliation of the carrying amount is as follows:

Opening balance	2,932,650	2,254,100
Receipts during the period / year	-	2,000,000
	2,932,650	4,254,100
Repayments during the period / year	-	(1,321,450)
Closing balance	2,932,650	2,932,650

7. Contingencies and commitments

7.1 Contingencies

- (i) Claims against the Company by ex-employees not acknowledged as debts amounting to Rs. 26.631 million (2019: Rs. 26.631 million).
- (ii) Standby letter of credit issued by Habib Bank Limited - Pakistan ('HBL Pakistan') in favour of Habib Bank Limited - Bahrain ('HBL Bahrain') on behalf of the Company amounting to USD 7.803 million equivalent to Rs. 1,300.801 million (2019: USD 7.803 million equivalent to Rs. 1,208.287 million) to secure long term finance facility provided by HBL Bahrain to Anemone Holdings Limited ('AHL'), wholly-owned subsidiary of the Company. The standby letter of credit is secured against pledge of Nestle Pakistan Limited shares owned by the Company as referred to in note 10.1.
- (iii) Letters of guarantees issued to various parties aggregating Rs. 420.314 million (December 2019: Rs. 603.475 million).

7.2 Commitments in respect of

- (i) Letters of credit and contracts for capital expenditure aggregating Rs. 146.026 million (December 31, 2019: Rs. 339.834 million).

- (ii) Letters of credit and contracts other than for capital expenditure aggregating Rs. 908.621 million (December 31, 2019: Rs. 679.325 million)

8. Property, plant and equipment

		March 31, 2020	December 31, 2019
	Note	Un-audited	Audited
(Rupees in thousand)			
Operating assets - at net book value	8.2	6,476,851	6,205,128
Capital work-in-progress	8.3	993,282	1,027,623
Major spare parts and stand-by equipment		-	53,679
		7,470,133	7,286,430

- 8.1** A portion of the land on which the Company's factory is situated, measuring 231 kanals and 19 marlas, was leased out to the Company by GoPb from December 1955 till November 2015 after which the lease has not been renewed. During the year 2015, the Company approached the Board of Revenue ('BoR'), GoPb to renew the lease; however, no adequate response was received. On January 5, 2019, the Supreme Court of Pakistan ('Court'), summoned BoR, to which the BoR stated that the new policy of the GoPb is not to lease state land but to sell it through open auction. Consequently, the Company was directed to deposit Rs 500 million with the BoR as security to the payment of outstanding amount of rent to be determined, with such amount being adjustable against final amount of rent. The Company deposited such amount in compliance with the direction on January 10, 2019. The Supreme Court has further directed Additional Advocate General, Punjab on January 16, 2019 that subject to the Court's approval, two surveyors be appointed for determination of rent based on industrial usage of the land for the period from December 2015 till date. However, no surveyors have been appointed and the Company has filed an application to Supreme Court for determination of rent. Moreover, the Court has further decided that the land shall be sold through an open auction with the Company getting the first right of refusal.

8.2 Operating assets

		March 31, 2020	December 31, 2019
	Note	Un-audited	Audited
(Rupees in thousand)			
Opening net book value		6,205,128	5,405,501
Additions during the period / year	8.2.1	495,109	1,650,380
Disposals during the period / year at book value		(11,471)	(60,278)
Depreciation charged during the period / year		(211,915)	(790,475)
		(223,386)	(850,753)
Closing net book value		6,476,851	6,205,128

8.2.1 Additions during the period/ year

	March 31, 2020	December 31, 2019
	Un-audited	Audited
	(Rupees in thousand)	
Freehold land	156	225,564
Buildings	2,830	22,585
Plant and machinery	441,485	1,135,966
Furniture and fixtures	-	1,341
Other equipment	26,896	171,316
Vehicles	23,742	93,612
	495,109	1,650,384

8.3 Capital work-in-progress

Civil works	64,170	26,701
Plant and machinery	823,566	676,038
Others	104,057	312,884
Advances	1,489	12,000
	993,282	1,027,623

9. Intangible assets

Opening book value	65,129	67,435
Additions during the period / year	-	9,253
Amortization charged during the period / year	(2,811)	(11,559)
Closing book value	62,318	65,129

10. Investments

Opening balance	47,713,862	51,322,973
Investments made in related parties during the period / year	-	534,539
Changes in fair value of available for sale financial assets	(4,926,484)	(3,466,785)
Impairment loss on equity instruments of associate	-	(676,864)
Closing balance	42,787,377	47,713,862

10.1 As of March 31, 2020, an aggregate of 1,195,000 (2019: 1,195,000) shares of Nestle Pakistan Limited having market value of Rs. 8,006.500 million (2019: 9,619.750 million) have been pledged in favour of HBL Pakistan. Out of aggregate shares pledged, 775,000 (2019: 775,000) shares are pledged against issuance of standby letter of credit in favour of HBL Bahrain as referred to in note 7.1 and the remaining 420,000 shares (2019: 420,000) are pledged against the term finance loan from HBL Pakistan.

11. Cost of sales

	Three months ended	
	March 31, 2020	March 31, 2019
	Un-audited	Un-audited
	(Rupees in thousand)	
Materials consumed	3,624,808	3,515,822
Salaries, wages and amenities	435,628	388,457
Travelling & conveyance	5,019	5,669
Fuel and power	279,569	249,943
Production supplies consumed	118,749	127,258
Rent, rates and taxes	20,738	10,280
Insurance	11,351	9,165
Repairs and maintenance	83,780	50,650
Packing expenses	101,281	86,853
Depreciation on owned assets	196,516	180,762
Amortisation of intangible assets	1,369	1,321
Technical fee and royalty	18,940	11,937
Other expenses	95,360	82,385
	4,993,108	4,720,502
Opening work-in-process	361,617	708,937
Closing work-in-process	(448,298)	(311,827)
Cost of goods produced	4,906,427	5,117,612
Opening stock of finished goods	1,264,671	340,247
Closing stock of finished goods	(1,166,003)	(830,694)
	5,005,095	4,627,165

12. Taxation

Current	97,000	223,528
Deferred	24,000	100,472
	121,000	324,000

13. Transactions with related parties

Significant transactions and balances with related parties other than those disclosed in respective notes are as follows:

Relationship with the Company	Nature of transactions	Three months ended	
		March 31, 2020 Un-audited	March 31, 2019 Un-audited
(Rupees in thousand)			
i. Subsidiaries	Purchase of goods and services	1,312,052	1,434,534
	Sale of goods and services	69,457	88,662
	Rental and other income	35,244	32,539
	Management and technical fee	15,408	16,413
ii. Joint venture	Purchase of goods and services	1,042	-
	Sale of goods and services	221	241
	Rental and other income	296	89
iii. Associates	Purchase of goods and services	325,198	240,528
	Sale of goods and services	1,722	7,699
	Insurance premium	70,438	50,635
	Commission earned	-	424
	Insurance claims received	83	825
	Rental and other income	3,617	2,635
iv. Retirement benefit obligations	Expense charged in respect of retirement benefit plans	52,590	50,366
v. Key management personnel	Salaries and other employee benefits	31,597	34,571
vi. Other related party	Donations made	16,957	23,087

All transactions with related parties have been carried out on mutually agreed terms and conditions. There are no transactions with key management personnel other than under the terms of employment.

Period / year-end balances

	March 31, 2020	December 31, 2019
	Un-audited	Audited
(Rupees in thousand)		
Receivable from related parties		
Subsidiaries	294,552	326,921
Joint venture	1,906	3,109
Associates	47,686	41,672
Other related parties	-	75
Payable to related parties		
Subsidiaries	514,615	483,570
Joint venture	-	792
Associates	205,491	106,498
Retirement benefit obligations	17,772	17,784
Other related parties	1,934	1,934

These are in the normal course of business and are interest free.

14. Cash generated from operations

	Three months ended	
	March 31, 2020	March 31, 2019
	Un-audited	Un-audited
	(Rupees in thousand)	
Profit before tax	319,678	1,400,346
Adjustments for:		
Depreciation on owned assets	211,915	196,386
Depreciation on investment properties	826	826
Depreciation on right-of-use asset	6,189	-
Amortisation on intangible assets	2,811	3,060
Provision for accumulating compensated absences	13,714	21,000
Provision for retirement benefits	27,418	25,979
Amortisation of deferred revenue	(5,722)	-
Profit on disposal of owned assets	(511)	(3,462)
Exchange loss / (gain)	59,589	(4,548)
Finance costs	301,008	206,419
Net impairment loss on financial assets	30,876	-
Provision against pending claims	25,917	5,594
Capital work-in-progress charged to profit or loss	1,349	5,251
Liabilities no longer payable written back	3,374	453
Dividend income	-	(1,096,038)
Profit before working capital changes	998,431	761,266
Effect on cash flow due to working capital changes		
Increase in trade debts	(731,306)	(599,880)
Increase in stores and spares	(19,182)	(135,744)
Increase in stock-in-trade	(664,735)	(119,076)
Increase in loans, advances, deposits, prepayments and other receivables	(38,113)	(532,384)
Increase in trade and other payables	1,265,048	325,284
	(188,288)	(1,061,800)
	810,143	(300,534)
15. Cash and cash equivalents		
Cash and bank balances	136,108	96,869
Finances under mark up arrangements - secured	(5,554,718)	(2,465,140)
	(5,418,610)	(2,368,271)

16. Financial risk management

16.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed interim unconsolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at December 31, 2019.

There have been no significant changes in the risk management policies since the year ended December 31, 2019.

16.2 Fair value estimation

The different levels for fair value estimation used by the Company have been explained as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Company's material financial assets that are measured at fair value at March, 31 2020.

	Un-audited (Rupees in thousand)			Total
	Level 1	Level 2	Level 3	
Assets				
Recurring fair value measurement of available-for-sale investments	24,449,962	-	5,000	24,454,962

The following table presents the Company's material financial assets that are measured at fair value at December 31, 2019.

	Audited (Rupees in thousand)			Total
	Level 1	Level 2	Level 3	
Assets				
Recurring fair value measurement of available-for-sale investments	29,376,446	-	5,000	29,381,446

17. Date of authorisation for issue

These condensed interim unconsolidated financial statements were authorised for issue on April 23, 2020 by the Board of Directors of the Company.

18. Events after the balance sheet date

The Board of Directors has proposed a final cash dividend for the year ended December 31, 2019 of Rs. 12.00 per share (2018: Rs. 15.00 per share), amounting to Rs. 1,072.554 million (2018: Rs. 1,340.693 million) at their meeting held on March 13, 2020 for approval of the members at the annual general meeting which is scheduled to take place on May 29, 2020.

19. Corresponding figures

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim statement of financial position has been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purposes of comparison. However, no significant reclassifications have been made.



Syed Hyder Ali
Chief Executive & Managing Director



Asghar Abbas
Director



Khurram Raza Bakhtayari
Chief Financial Officer

**Packages Group
Condensed Interim Consolidated
Un-audited Financial Statements**

DIRECTORS' REPORT ON CONDENSED INTERIM UN-AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2020

The Directors of the Parent Company take pleasure in presenting the un-audited consolidated financial statements of the Group for the first quarter ended March 31, 2020. Comparison of the un-audited consolidated results of the first quarter ended March 31, 2020 as against March 31, 2019 is as follows:

Group results

	Jan - March 2020	Jan - March 2019
	(Rupees in million)	
Invoiced sales - net	16,491	14,657
Profit from operations	1,354	700
Finance costs	(1,037)	(772)
Share of (loss)/ profit in associates and joint venture - net of tax	(77)	(1)
Investment income	-	1,096
Profit before taxation	240	1,023
Taxation	(300)	(321)
(Loss)/ Profit after tax	(60)	702

We are pleased to report that the core manufacturing operations of the Parent Company have shown significantly improved performance in a challenging and competitive environment. During the first quarter of 2020, the Group has achieved net sales of Rs. 16,491 million against net sales of Rs. 14,657 million achieved during corresponding period of last year representing sales growth of 13% with an operating profit of Rs. 1,354 million as compared to Rs. 700 million generated during corresponding period last year, with an increase of 93%, mainly on account of revenue growth and cost controls

The Group's investment income decreased by Rs. 1,096 million in the current period as compared to the corresponding period of the last year on account of discontinuation of dividend income from an investee company and no dividend declaration by associates. This has resulted in decline in earnings after tax and earnings per share.

The Group's finance cost has increased by Rs. 265 million which is mainly attributable to increased overdraft utilization facility along with increased interest rates in current period.

A brief review of the operational performance of the Group subsidiaries is as follows:

Bulleh Shah Packaging (Private) Limited

Bulleh Shah Packaging (Private) Limited is principally engaged in the manufacturing and conversion of paper and paper board and corrugated boxes. The Company has achieved sales of Rs. 7,431 million during the first quarter of 2020 as compared to Rs. 6,472 million during 2019 representing sales growth of 15%. The Company has recorded an operating profit of Rs. 449 million during the current period as compared to the operating loss of Rs. 16 million in corresponding period last year primarily due to revenue growth and tighter control over fixed costs. The Company is focusing on further improving operating results through increased sales volumes, product diversification and better product mix.

DIC Pakistan Limited

DIC Pakistan Limited is an un-listed public limited subsidiary of Packages Limited. It is principally engaged in manufacturing, processing and selling of industrial inks. The Company has achieved net sales of Rs. 1,338 million during the first quarter of the year 2020 as compared to Rs. 1,150 million of the corresponding period of last year representing sales growth of 16%. The Company has generated profit before tax of Rs. 127 million during the first quarter of the year 2020 as against Rs. 118 million generated during corresponding period of 2019. Moving forward, the Company will focus on improving operating results through volume growth, tighter cost control and price rationalization.

Packages Lanka (Private) Limited

Packages Lanka (Private) Limited is a Sri Lanka based subsidiary of Packages Limited. It is primarily engaged in production of flexible packaging. During the first quarter of 2020, the Company has achieved sales of SLR 488 million as compared to SLR 643 million in the corresponding period of last year. The Company has generated loss before tax of SLR 19 million during the first quarter of the year 2020 as against profit before tax of SLR 26 million generated during corresponding period of 2019. This decrease in profit is mainly due to COVID-19 lockdown and slowed economy activity in Sri-Lanka.

Flexible Packages Convertors (Pty) Limited

Flexible Packages Convertors (Pty) Limited is private limited company based in South Africa. It is principally engaged in the manufacture of flexible packaging material. During the first quarter of 2020, the Company achieved net sales revenue of ZAR 124 million as compared to ZAR 128 million of the corresponding period of last year. The Company has recorded loss before tax of ZAR 4.6 million in first quarter of 2020 as compared to loss before tax of ZAR 1 million during the corresponding period of last year. This is primarily on account of reduced sales to customers due to the outbreak of Corona Virus pandemic in South Africa in February-March 2020.

Packages Real Estate (Private) Limited

Packages Real Estate (Private) Limited is a subsidiary of Packages Limited. It is primarily engaged in the business of all types of construction activities and development of real estate. It is currently operating a real estate project titled "Packages Mall". The Company has achieved net revenue of Rs. 824 million during the first quarter of 2020 as compared to revenue of Rs. 879 million achieved during the corresponding period of last year. The Company has recorded operating profit of Rs. 253 million as against Rs. 201 million achieved during first quarter of last year representing an increase of 26%.

COVID-19 lockdown has caused disruptions/ closure of the tenant businesses and receipt of trade debts. Accordingly, Packages Real Estate (Private) Limited has announced a rent-free period along-with reduction in maintenance charges effective March 22, 2020 till April 20, 2020 to its tenants.

Packages Power (Private) Limited

Packages Power (Private) Limited is a wholly owned subsidiary of Packages Limited duly formed for the purpose of setting up a 3.1 MW hydropower project as advertised by the Punjab Power Development Board (PPDB). The Company has moved forward with the requisite studies and approvals and is in liaison with the relevant Government authorities to take the project forward.

Internal restructuring

The Board of Directors approved internal restructuring of the Parent Company with the objective of creating a holding company. The arrangement will help in developing operating synergies across businesses, managing operations in a focused manner and streamlining ownership structure. This is in line with international practices being followed in the corporate world. The restructuring shall not affect the rights of the shareholders of the Parent Company in any manner.

The Parent Company incorporated two wholly owned subsidiaries and will transfer:

- (a) its manufacturing businesses including folding cartons, flexible packaging, consumer products and mechanical fabrication and roll covers along with all relevant assets, operations and corresponding liabilities into a 100% wholly owned subsidiary named "Packages Convertors Limited"; and
- (b) its investment business comprising shares of various companies, operations along with corresponding liabilities, if any, into another 100% wholly owned subsidiary named "Packages Investments Limited".

Packages Limited will be a holding company and all assets, properties and liabilities other than those assets, operations and corresponding liabilities being transferred to the above-mentioned wholly owned subsidiaries, will remain with the Parent Company. The transaction was approved by shareholders of the Parent Company in EOGM held on May 30, 2019.

Packages Convertors Limited and Packages Investments Limited filed an application with Securities and Exchange Commission of Pakistan (SECP) for approving the above-mentioned transfers of assets and corresponding liabilities which has been granted by SECP, subject to certain conditions. Packages Convertors Limited has informed that they intend to proceed with the transfer of the manufacturing businesses against the issuance of shares. Packages Investments Limited is currently evaluating different options for the transfer in light of the approval granted by SECP.

Accordingly, the Board of the Parent Company has resolved to consummate the transfer of manufacturing businesses and to hold the transfer of investment business for the time being and will finalize the way forward in this regard in the best interest of the Parent Company and its shareholders.

COVID-19

The management of the Parent Company has established a crisis management team. This team is analyzing the situation on daily basis and taking prompt actions to implement all possible preventive measures to ensure continuity of business operations.

The COVID-19 outbreak has developed rapidly in 2020. The pandemic has not only resulted in significant number of infections but has also adversely impacted the global economy.

In Pakistan, the Punjab Government through Notification NO. SO (IS-II) dated March 23, 2020 ordered lockdown in entire province giving exemptions to specific institutes and industries. Packages Limited and its local subsidiaries except Packages Real Estate (Private) Limited, being engaged in provision of essential services, comes under the exemption given by the Punjab Government through continuation of the above notification dated March 25, 2020.

Mall Operations are closed from March 22, 2020 (except Carrefour, Pharmacy and Banks). Resultantly, revenue of PKR 71.6 Million has not been recorded due to suspension of operations as at March 31, 2020. As per State Bank of Pakistan Circular ERD/M&PRD/PR/01/2020-32 dated March 26, 2020, the entity has also applied to the commercial banks for relaxation in repayment of principal of its credit facilities by one year. The impact of measures to reduce the COVID-19 has also impacted the credit risk of the customers of the entity, which along with other macro-economic factors will also impact the expected credit losses in the subsequent periods.

Corona Virus pandemic has also adversely affected the operations of Flexible Packages Convertors (Pty) Limited and Packages Lanka (Private) Limited which has resulted in lower sales.



(Towfiq Habib Chinoy)
Chairman
Karachi, April 23, 2020




(Syed Hyder Ali)
Chief Executive & Managing Director
Karachi, April 23, 2020

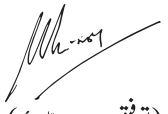
کووڈ-19 کے پھیلاؤ میں سال 2020 میں تیزی سے اضافہ ہوا ہے عالمی وباء نے ناصرف کثیرتعداد میں لوگوں کو بلکہ عالمی معیشت کو بری طرح متاثر کیا ہے۔

پاکستان میں حکومت پنجاب نے اپنے اعلامیہ نمبر (IS-11) SO مورخہ 23 مارچ 2020 کو پورے صوبے میں لاک ڈاؤن کے احکامات جاری کئے ہیں جس میں مخصوص صنعتوں اور اداروں کو استثناء دیا گیا ہے۔ پیکیجز لیمیٹڈ اور اس کے مقامی ذیلی ادارے (ماسوائے پیکیجز ریل اسٹیٹ پرائیویٹ لمیٹڈ) ضروری اشیاء اور خدمات کی فراہمی کے تسلسل کی وجہ سے حکومتی استثناء کے اعلامیہ مورخہ 25 مارچ 2020 کے ذمے میں آتی ہے۔

مال آپریشنز (ماسوائے کارفور، فارمیسی اور بنکس) 22 مارچ 2020 سے بند ہیں۔ نتیجتاً، 71.6 ملین روپے کی آمدن آپریشنز کی معطلی کے باعث 31 مارچ 2020 پر ریکارڈ نہیں کی گئی ہے۔ سٹیٹ بینک آف پاکستان کے سرکلر (ERD/M&PRD/PR/01/2020) بتاریخ 26 مارچ 2020 کے تحت ادارے نے قرض کی بنیادی رقم کی ادائیگی میں ایک سال کی نرمی کے لئے کمرشل بینکوں سے رابطہ کیا ہے۔ کووڈ-19 کے پھیلاؤ کو روکنے کے اقدامات نے بھی ادارے کے کسٹمرز کے کریڈٹ رسک میں اضافہ کیا ہے جو کہ دوسرے مجموعی معاشی عوامل کے ساتھ مل کر مستقبل میں متوقع کریڈٹ لاس میں بھی اضافہ کریں گے۔

کورونائرس کی عالمی وباء نے فلیکس ایبل پیکیجز کنٹریز (پروپرائیٹری) لمیٹڈ اور پیکیجز انکا پرائیویٹ لمیٹڈ کے آپریشنز کو شدید متاثر کیا ہے جس کے نتیجے میں سیلز میں کمی آئی ہے۔


(سید حیدر علی)
چیف ایگزیکٹو اور مینجنگ ڈائریکٹر
کراچی، 23 اپریل 2020


(توفیق حبیب چٹائے)
چیرمین
کراچی، 23 اپریل 2020

کووڈ-19 کے لاک ڈاؤن کی وجہ سے کرائے داروں کے کاروبار اور محصولات میں خلل/ بندش وقوع پذیر ہوئی ہے۔ پیکیجز رینٹل اسٹیٹ پرائیویٹ لمیٹڈ نے اپنے کرایہ داروں کیلئے کرائے سے مستثنیٰ مدت کے ساتھ میٹیننس چارجز میں کمی کا اعلان کیا ہے جس کا اطلاق 22 مارچ سے 20 اپریل 2020 تک ہوگا۔

پیکیجز پاور (پرائیویٹ) لمیٹڈ

پیکیجز پاور (پرائیویٹ) لمیٹڈ 3.1 میگا واٹ ہائیڈرو پاور پراجیکٹ کے قیام کے مقصد کے لئے بنایا گیا پیکیجز لمیٹڈ کا ایک مکمل ملکیتی ذیلی ادارہ ہے جیسا کہ پروجیکٹ کی تشہیر پنجاب پاور ڈویلپمنٹ بورڈ (پی ڈی بی) کی جانب سے کی گئی۔ کمپنی نے مطلوبہ جائزوں اور اجازت ناموں کے ساتھ اور متعلقہ سرکاری حکام کے ساتھ رابطہ کاری کے تحت پروجیکٹ کو آگے بڑھایا ہے۔

اندرونی تنظیم نو

ہولڈنگ کمپنی بنانے کے مقصد کے حصول کے لئے Parent Company کے بورڈ آف ڈائریکٹرز نے اندرونی تنظیم نو کی منظوری دے دی ہے۔ یہ اقدام کاروباری ڈھانچہ میں آپریٹنگ ہم آہنگی، آپریٹنگ کو توجہ کے ساتھ چلانے اور ملکیتی ڈھانچے کو ہم آہنگ کرنے میں مدد دے گا۔ یہ اقدام کاروباری دنیا میں اپنانے جانے والے بین الاقوامی طریقوں کے عین مطابق ہے۔ یہ تنظیم نو Parent Company کے حصہ داران پر کسی بھی طریقے سے کوئی اثر مرتب نہیں کرے گا۔

اسی حوالے سے، پیرنٹ کمپنی دو مکمل ملکیتی سو فیصد ذیلی ادارے بنا دیئے ہیں اور اس میں مندرجہ ذیل منتقل کرے گی۔

(ا) اپنے مینو فیکچرنگ کاروبار بشمول فولڈنگ کارٹن، فلکسیبل ٹیکسٹائل، ایشیا، صارف، مکینیکل فیبریکیشن اور رول کور اور اس کے ساتھ ساتھ متعلقہ اثاثہ جات آپریٹنگ اور متعلقہ Liabilities ایک مکمل سو فیصد ذیلی ادارہ جس کا نام Packages Convertor Limited میں

(ب) اپنے سرمایہ کاری کے کاروبار جس میں مختلف اداروں کے حصص، آپریٹنگ اور ان سے منسلک Liabilities (اگر کوئی ہے) کو اپنے مکمل ملکیتی ذیلی ادارہ جس کا نام Packages Investment Limited میں

Parent Company ایک ہولڈنگ کمپنی رہے گی اور آپریٹنگ، اثاثہ جات، Liabilities جو کہ اوپر بیان کردہ مکمل ملکیتی ذیلی اداروں میں منتقل ہونے کے علاوہ تمام دوسرے اثاثہ جات، Liabilities اور جائیدادیں Company کی ملکیت رہیں گی۔ کمپنی کے شیئر ہولڈرز نے اس کارروائی کی منظوری 30 مئی 2019 کو منعقدہ EOGM میں دی۔ مزید یہ کہ، پیکیجز کنورٹر لمیٹڈ اور پیکیجز انویسٹمنٹ لمیٹڈ نے مذکورہ بالا اثاثہ جات اور متعلقہ واجبات کی منتقلی کو موثر بنانے کے لئے Security and Exchange Commission of Pakistan کو درخواست دی تھی جسکی SECP نے مشروط منظوری دے دی ہے۔ پیکیجز کنورٹر لمیٹڈ نے مطلع کیا ہے کہ وہ کنورٹنگ کے کاروبار کے تبادلے کی مدد میں حصص جاری کرنے کا ارادہ رکھتی ہے۔ پیکیجز انویسٹمنٹ لمیٹڈ نے SECP کی عطا کردہ منظوری کی روشنی میں تبادلے سے منسوب مختلف آپریٹنگ کا جائزہ لے رہی ہے۔

چنانچہ پیرنٹ کمپنی کے بورڈ نے کنورٹنگ کے کاروبار کے تبادلے کی قرارداد منظور کر لی ہے جبکہ سرمایہ کاری کے کاروبار کے تبادلے کو فی الوقت مؤخر کیا ہے جس کا لاحقہ عمل کمپنی اور اسکے حصص کنندگان کے بہترین مفاد میں کیا جائے گا۔

کووڈ-19

پیرنٹ کمپنی کی انتظامیہ نے بحران کے انتظام کی ٹیم تشکیل دی ہے۔ کرائس میجمنٹ ٹیم روزانہ کی بنیاد پر صورت حال کا جائزہ اور فوری اقدامات لے رہی ہے جس کا مقصد تمام حفاظتی اقدامات کا نفاذ ہے تاکہ کووڈ کا مقابلہ اور کاروبار کے تسلسل کو یقینی بنایا جاسکے۔

بلیس شاہ پیکیجنگ (پرائیویٹ) لمیٹڈ

بلیس شاہ پیکیجنگ (پرائیویٹ) لمیٹڈ بنیادی طور پر پیپر اور پیپر بورڈ پروڈکٹس کی تیاری اور منتقلی میں مصروف عمل ہے۔ کمپنی نے 2020 کے پہلے تین ماہ کے دوران 7,431 ملین روپے کی سیلز حاصل کی جو اس کے مقابلے میں 2019 کے دوران 6,472 ملین روپے تھی۔ جس سے 15 فیصد کی سیلز گروتھ ظاہر ہوتی ہے۔ کمپنی نے موجودہ مدت کے دوران 449 ملین روپے کا آپریٹنگ منافع دیکھا جو 2019 میں اسی مدت کے دوران 16 ملین روپے آپریٹنگ خسارہ تھا۔ جو بنیادی طور پر یونیو گروتھ اور طے کردہ مالیات پر سخت کنٹرول کے باعث ممکن ہوا۔ کمپنی بلند تر حجم، پروڈکٹ میں توسیع اور پروڈکٹ کس کے ذریعے آپریٹنگ نتائج مزید بہتر بنانے پر توجہ دے رہی ہے۔

ڈی آئی سی پاکستان لمیٹڈ

ڈی آئی سی پاکستان لمیٹڈ پیکیجنگ لمیٹڈ کا ایک نان لسٹڈ پبلک لمیٹڈ ذیلی ادارہ ہے۔ یہ بنیادی طور پر صنعتی انکس (inks) کی تیاری، پروسیسنگ اور سیلز میں مصروف عمل ہے۔ کمپنی نے سال 2020 کے پہلے تین ماہ کے دوران 1,338 ملین روپے کی خالص سیلز حاصل کی۔ اس کے مقابلے میں گزشتہ سال کی اسی مدت کے دوران یہ 1,150 ملین روپے تھیں جو 16 فیصد کی سیلز گروتھ کو ظاہر کرتی ہے۔ کمپنی نے 2020 کی موجودہ مدت کے دوران 127 ملین روپے کا منافع قبل از ٹیکس حاصل کیا جو 2019 کی اسی مدت میں 118 ملین روپے تھا۔ آگے بڑھتے ہوئے کمپنی بلند تر حجم مالیات پر سخت کنٹرول اور قیمتوں میں استعدال کے ذریعے آپریٹنگ نتائج بہتر بنانے پر توجہ دے رہی ہے۔

پیکیجز انکا (پرائیویٹ) لمیٹڈ

پیکیجز انکا (پرائیویٹ) لمیٹڈ سری لنکا میں قائم پیکیجز لمیٹڈ کا ایک ذیلی ادارہ ہے۔ یہ بنیادی طور پر فلکس ایبل پیکیجنگ کی تیاری میں مصروف عمل ہے۔ کمپنی نے 2020 کے پہلے تین ماہ کے دوران 488 ملین سری لنکن روپے کی سیلز حاصل کی جو گزشتہ سال کی اس مدت میں 643 ملین سری لنکن روپے تھی۔ کمپنی نے سال 2020 کے پہلے تین ماہ میں 19 ملین سری لنکن روپے کا خسارہ قبل از ٹیکس حاصل کیا جو کہ 2019 کی اسی مدت کے دوران 26 ملین سری لنکن روپے منافع قبل از ٹیکس تھا۔ جسکی بنیادی وجہ کوڈ-19 کالاک ڈاؤن اور معاشی سرگرمیوں میں سست روی ہے۔

فلکس ایبل پیکیجز کنورٹرز (پروپرائٹری) لمیٹڈ

فلکس ایبل پیکیجز کنورٹرز (پروپرائٹری) لمیٹڈ جنوبی افریقہ میں قائم پرائیویٹ لمیٹڈ کمپنی ہے۔ یہ بنیادی طور پر فلکس ایبل پیکیجنگ میٹریل کی تیاری میں مصروف عمل ہے۔ کمپنی نے 2020 کے پہلے تین ماہ کے دوران 124 ملین زار (ZAR) کا خالص سیلز ریونیو حاصل کیا جو گزشتہ سال کی اس مدت میں 128 ملین زار (ZAR) تھا۔ کمپنی کا خسارہ قبل از ٹیکس 2020 کے پہلے تین ماہ میں 4.6 ملین زار (ZAR) تھا جو گزشتہ سال کی اس مدت میں 1 ملین زار (ZAR) تھا، جس کی بنیادی وجہ کورونا وائرس کی عالمی وباء (فروری۔ مارچ) میں جنوبی افریقہ میں پھیلاؤ تھا جس کے نتیجے میں سیلز میں کمی ہوئی۔

پیکیجز ریٹیل اسٹیٹ (پرائیویٹ) لمیٹڈ

پیکیجز ریٹیل اسٹیٹ (پرائیویٹ) لمیٹڈ پیکیجز لمیٹڈ کا ایک ذیلی ادارہ ہے۔ یہ بنیادی طور پر تمام اقسام کی تعمیراتی سرگرمیوں اور ریٹیل اسٹیٹ کے فروغ کے کاروبار میں سرگرم عمل ہے۔ اس وقت ریٹیل اسٹیٹ ”پیکیجز مال“ کے نام سے ایک پراجیکٹ آپریٹ کر رہا ہے۔ کمپنی نے پہلے تین ماہ 2020 کے دوران 824 ملین روپے کی آمدن حاصل کی جو کہ 2019 کے اسی عرصہ کے دوران 879 ملین روپے تھی۔ اس نے موجودہ مدت 2020 کے دوران 253 ملین روپے کا آپریٹنگ منافع حاصل کیا جو کہ 2019 میں 201 ملین روپے تھا جو کہ 26 فیصد اضافے کو ظاہر کرتا ہے۔

31 مارچ 2020 کو ختم ہونے والی تین ماہ کی مدت کے لئے ڈائریکٹرز کی رپورٹ بشمول مجموعی عبوری غیر آڈٹ شدہ مالیاتی معلومات

ٹیکسٹ: لمیٹڈ کے ڈائریکٹرز بہ مسرت 31 مارچ 2020 کو ختم ہونے والی تین ماہ کی مدت کے لئے گروپ کے غیر آڈٹ شدہ مجموعی مالیاتی معلومات پیش کرنے پر خوشی محسوس کرتے ہیں۔

گروپ کے نتائج

31 مارچ 2020 کو ختم ہونے والی تین ماہ کی مدت کے لئے غیر آڈٹ شدہ نتائج کا تقابل 31 مارچ 2019 کے مقابلے میں درج ذیل کے مطابق ہے:

جنوری - مارچ 2019	جنوری - مارچ 2020	
(روپے بلین میں)		
14,657	16,491	انوائسڈ سیلز - خالص
700	1,354	آپریٹنگ سے حاصل منافع جات
(772)	(1,037)	فنانس کی لاگت
(1)	(77)	منسلک اداروں اور مشترکہ منصوبے میں (اخراجات) / منافع کا حصہ - بعد از ٹیکس
1,096	-	سرمایہ کاری سے آمدنی
1,023	240	منافع قبل از ٹیکس
(321)	(300)	ٹیکسیشن
702	(60)	(خسارہ) / منافع بعد از ٹیکس

ہم با مسرت اطلاع دے رہے ہیں کہ گروپ کے کلیدی مینوفیکچرنگ آپریٹنگز نے مشکل اور مسابقتی ماحول میں نمایاں طور پر بہتر کارکردگی کا مظاہرہ کیا۔ 2020 کی پہلی سہ ماہی کے دوران گروپ نے 16,491 ملین روپے کی خالص سیلز حاصل کی جبکہ گزشتہ سال کی اس مدت کے دوران 14,657 ملین روپے کی خالص سیلز حاصل کی گئی تھی جو کہ 13 فیصد سیلز گروتھ کو ظاہر کرتا ہے۔ گروپ نے 1,354 ملین روپے کا آپریٹنگ منافع حاصل کیا جو گزشتہ سال کی اسی مدت میں 700 ملین روپے تھا جو کہ 93 فیصد اضافہ کو ظاہر کرتا ہے جو کہ بنیادی طور پر ریونیو گروتھ اور مالیات پر کنٹرول کے باعث ممکن ہوا۔

گروپ کی سرمایہ کاری سے آمدنی میں رواں مدت کے دوران گزشتہ سال کی اس مدت کے مقابلے میں 1,096 ملین روپے کی کمی دیکھنے میں آئی جسکی وجہ سرمایہ کار کمپنی سے منافع منقسمہ کا ختم ہونا اور ایسوسی ایٹس اداروں سے منافع منقسمہ کا اعلان نہ ہونا تھا۔ جس کے نتیجے میں آمدنی بعد از ٹیکس اور ای پی ایس (EPS) میں کمی ہوئی ہے۔

گروپ کی فنانس لاگت میں 265 ملین روپے کا اضافہ ہو چکی وجہ شرح سود اور اور ڈرافٹ کے استعمال میں اضافہ تھا۔

گروپ کے ذیلی اداروں کی آپریٹنگ کارکردگی کا ایک مختصر جائزہ درج ذیل کے مطابق ہے:


PACKAGES GROUP
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
as at March 31, 2020


	March 31, 2020	December 31, 2019
Note	Un-audited	Audited
	(Rupees in thousand)	
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Authorised capital		
150,000,000 (2019: 150,000,000) ordinary shares of Rs. 10 each	<u>1,500,000</u>	<u>1,500,000</u>
22,000,000 (2019: 22,000,000) 10% non-voting preference shares / convertible stock of Rs. 190 each	<u>4,180,000</u>	<u>4,180,000</u>
Issued, subscribed and paid up capital		
89,379,504 (2019: 89,379,504) ordinary shares of Rs. 10 each	893,795	893,795
8,186,842 (2019: 8,186,842) 10% non-voting preference shares / convertible stock of Rs. 190 each	606,222	606,222
Reserves	47,341,254	52,146,015
Equity portion of loan from shareholder of the Parent Company 6	277,219	277,219
Un-appropriated profits	<u>2,942,966</u>	<u>4,009,577</u>
Attributable to owners of the Parent Company	52,016,456	57,932,828
Non-controlling interest	1,858,990	1,967,880
TOTAL EQUITY	53,920,456	59,900,708
NON-CURRENT LIABILITIES		
Long term finances 7	14,411,613	14,948,395
Loan from shareholder of the Parent Company - unsecured	239,230	224,230
Lease liabilities	500,921	619,563
Deferred taxation	2,300,893	2,237,205
Long term advances	69,971	69,339
Retirement benefits	881,194	847,464
Deferred liabilities	423,195	398,697
Security deposits	378,322	345,950
Deferred revenue	<u>338,619</u>	<u>55,368</u>
	19,543,958	19,746,211
CURRENT LIABILITIES		
Current portion of non-current liabilities	3,840,702	4,315,655
Current portion of deferred revenue	61,585	35,835
Finances under mark up arrangements - secured	11,413,138	11,386,824
Trade and other payables	11,297,236	8,299,420
Unclaimed dividend	50,391	68,809
Derivative financial instruments	-	3,505
Accrued finance cost	971,005	1,144,225
Provision for tax	<u>539</u>	<u>9,885</u>
	27,634,596	25,264,158
CONTINGENCIES AND COMMITMENTS 8	-	-
	101,098,999	104,911,077

		March 31, 2020	December 31, 2019
	Note	Un-audited	Audited
(Rupees in thousand)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	27,594,798	27,925,607
Right-of-use assets		642,970	799,075
Intangible assets	10	360,721	405,617
Investment properties		11,180,852	11,393,439
Investments accounted for using the equity method	11	6,233,392	6,991,707
Other long term investments	12	24,454,987	29,381,471
Long term security deposits		135,530	139,342
Long term loans		225	869
		70,603,475	77,037,127
CURRENT ASSETS			
Stores and spares		2,211,616	2,332,654
Stock-in-trade		12,506,395	11,031,511
Short term investments		80,000	80,000
Trade debts		9,022,075	7,578,383
Loans, advances, deposits, prepayments and other receivables		1,579,467	1,647,906
Income tax receivable		4,808,383	4,785,563
Cash and bank balances		287,588	417,933
		30,495,524	27,873,950
		101,098,999	104,911,077

The annexed notes 1 to 22 form an integral part of this condensed interim unaudited consolidated financial statements.


Syed Hyder Ali
Chief Executive & Managing Director



Asghar Abbas
Director


Khurram Raza Bakhtayari
Chief Financial Officer

PACKAGES GROUP
CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
for the three months ended March 31, 2020

	Note	Three months ended	
		March 31, 2020	March 31, 2019
		Un-audited	Un-audited
		(Rupees in thousand)	
Local sales and services		18,855,293	16,643,059
Export sales		368,744	221,829
		19,224,037	16,864,888
Less: Sales tax		2,615,898	2,120,957
Commission		2,511	1,190
Trade discount		114,482	85,345
		2,732,891	2,207,492
Net sales		16,491,146	14,657,396
Cost of sales and services	13	(13,564,064)	(12,550,729)
Gross profit		2,927,082	2,106,667
Administrative expenses		(608,959)	(578,679)
Distribution and marketing costs		(789,455)	(756,757)
Net impairment losses on financial assets		(30,876)	-
Other expenses		(183,168)	(119,355)
Other income		39,568	48,190
		1,354,192	700,066
Finance costs		(1,036,762)	(771,660)
Investment income		-	1,096,038
Share of loss of associates and joint ventures accounted for using the equity method		(76,503)	(1,497)
Profit before taxation		240,927	1,022,947
Taxation		(300,482)	(320,902)
(Loss) / Profit for the period		(59,555)	702,045
Attributable to:			
Equity holders of the Parent Company		(66,611)	670,249
Non-controlling interests		7,056	31,796
		(59,555)	702,045
Earnings per share attributable to equity holders of the Parent Company			
Basic	Rupees	(0.75)	7.50
Diluted	Rupees	(0.75)	7.20

The annexed notes 1 to 22 form an integral part of this condensed interim unaudited consolidated financial statements.


Syed Hyder Ali
Chief Executive & Managing Director



Asghar Abbas
Director


Khurram Raza Bakhtayari
Chief Financial Officer

PACKAGES GROUP
CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
for the three months ended March 31, 2020

	Three months ended	
	March 31, 2020	March 31, 2019
	Un-audited	Un-audited
	(Rupees in thousand)	
(Loss) / Profit for the period	(59,555)	702,045
Other comprehensive loss for the period		
<i>Items that will not be subsequently reclassified to profit or loss:</i>		
Change in fair value of investments at fair value through other comprehensive income (FVOCI)	(4,926,484)	(6,598,570)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Net exchange differences on translation of foreign operations	(312,412)	8,460
Share of other comprehensive loss of associates and joint ventures accounted for using the equity method - net of tax	(681,812)	(809,401)
	(994,224)	(800,941)
	(5,920,708)	(7,399,511)
Total comprehensive loss for the period	(5,980,263)	(6,697,466)
Attributable to:		
Equity holders of the Parent Company	(5,871,372)	(6,730,623)
Non-controlling interests	(108,891)	33,157
	(5,980,263)	(6,697,466)

The annexed notes 1 to 22 form an integral part of this condensed interim unaudited consolidated financial statements.


Syed Hyder Ali
Chief Executive & Managing Director



Asghar Abbas
Director


Khurram Raza Bakhtayari
Chief Financial Officer

PACKAGES GROUP
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
for the three months ended March 31, 2020

	Issued, subscribed and paid up capital		Reserves										Capital and reserves		Total equity
	Ordinary share capital	Preference shares / convertible stock reserve	Capital reserves							Revenue reserves			Total	Non-controlling interest	
			Share premium	Exchange difference on translation of foreign operations	Fair value reserve	FVOCI reserve	Other reserves relating to associates & joint ventures	Transaction with non-controlling interest	Equity portion of long term loan from shareholder of the Parent Company	Capital redemption reserve	General reserve	Un-appropriated profits			
(R u p e e s i n t h o u s a n d)															
Balance as on January 1, 2019 (audited)	893,795	606,222	3,766,738	(194,715)	28,858,325	-	3,527,025	22,981	277,219	1,615,000	17,310,333	6,249,793	62,932,716	2,124,244	65,656,960
Appropriation of reserves	-	-	-	-	-	-	-	-	-	-	-	1,000,000	(1,000,000)	-	-
Transfer to general reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income / (loss) for the period ended March 31, 2019															
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	670,249	670,249	31,795	702,045
Other comprehensive loss	-	-	-	-	(6,598,570)	-	-	-	-	-	-	-	(6,598,570)	-	(6,598,570)
Other comprehensive income from associates and joint ventures accounted for under using the equity method	-	-	-	-	-	-	(809,401)	-	-	-	-	-	(809,401)	-	(809,401)
Exchange differences on translation of foreign operations	-	-	-	7,099	-	-	-	-	-	-	-	-	7,099	1,361	8,460
	-	-	-	7,099	(6,598,570)	-	(809,401)	-	-	-	-	670,249	(6,730,823)	33,157	(6,697,466)
Balance as on March 31, 2019 (un-audited)	893,795	606,222	3,766,738	(187,616)	22,259,755	-	2,717,624	22,981	277,219	1,615,000	18,310,333	5,580,042	56,202,093	2,157,401	58,359,494
Balance as on January 1, 2020 (audited)	893,795	606,222	3,766,738	(143,768)	-	25,391,540	3,125,196	80,976	277,219	1,615,000	18,310,333	4,009,571	57,932,828	1,967,800	59,900,708
Appropriation of reserves	-	-	-	-	-	-	-	-	-	-	-	1,000,000	(1,000,000)	-	-
Transfer to general reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income / (loss) for the period ended March 31, 2020															
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	(66,611)	(66,611)	7,056	(59,555)
Other comprehensive loss	-	-	-	-	-	(4,926,494)	-	-	-	-	-	-	(4,926,494)	-	(4,926,494)
Other comprehensive income from associates and joint ventures accounted for under using the equity method	-	-	-	-	-	-	(681,812)	-	-	-	-	-	(681,812)	-	(681,812)
Exchange differences on translation of foreign operations	-	-	-	(195,465)	-	-	-	-	-	-	-	-	(195,465)	(115,947)	(312,412)
	-	-	-	(195,465)	-	(4,926,494)	(681,812)	-	-	-	-	(66,611)	(5,871,372)	(108,891)	(5,900,293)
Balance as on March 31, 2020 (un-audited)	893,795	606,222	3,766,738	(340,233)	-	20,465,056	2,443,384	80,976	277,219	1,615,000	18,310,333	2,942,966	52,061,456	1,858,909	53,920,445

The annexed notes 1 to 22 form an integral part of this condensed interim unaudited consolidated financial statements


Syed Hyder Ali
Chief Executive & Managing Director


Asghar Abbas
Director


Khurram Raza Bakhtayari
Chief Financial Officer

PACKAGES GROUP
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)
for the three months ended March 31, 2020

	Note	Three months ended	
		March 31, 2020	March 31, 2019
		Un-audited	Un-audited
(Rupees in thousand)			
Cash flows from operating activities			
Cash generated from operations	16	3,476,788	300,937
Finance costs paid		(1,194,982)	(696,524)
Income tax paid		(268,960)	(296,507)
Settlement of derivative financial instruments		(3,505)	-
Long term security deposits - net		58,122	30,403
Payments for accumulating compensated absences		(182,577)	(166,652)
Retirement benefits paid		(145,025)	(162,567)
Net cash inflow / (outflow) from operating activities		1,739,861	(990,910)
Cash flows from investing activities			
Fixed capital expenditure		(823,586)	(917,067)
Proceeds from disposal of investments		-	10,000
Long term loans and deposits - net		4,456	5,249
Proceeds from disposal of operating fixed assets		32,162	45,680
Dividends received		-	1,096,038
Long term advances - net		2,854	(5,621)
Net cash (outflow) / inflow from investing activities		(784,114)	234,279
Cash flows from financing activities			
Proceeds from long term finances		46,853	4,082,296
Repayment of long term finances		(1,007,167)	(1,242,656)
Repayment lease liabilities - net		(133,674)	139,336
Dividend paid to equity holders of the Parent Company		(18,418)	(2,634)
Net cash (outflow) / inflow from financing activities		(1,112,406)	2,976,342
Net (decrease) / increase in cash and cash equivalents		(156,659)	2,219,711
Cash and cash equivalents at the beginning of the period		(10,968,891)	(11,157,149)
Cash and cash equivalents at the end of the period	17	(11,125,550)	(8,937,438)

The annexed notes 1 to 22 form an integral part of this condensed interim unaudited consolidated financial statements.


Syed Hyder Ali
Chief Executive & Managing Director


Asghar Abbas
Director


Khurram Raza Bakhtayari
Chief Financial Officer

PACKAGES GROUP
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS (UN-AUDITED)

for the three month period ended March 31, 2020

1. Legal status and nature of business

Packages Limited (the 'Parent Company') and its subsidiaries, Packages Convertors Limited ('PCL'), Packages Investments Limited ('PIL'), DIC Pakistan Limited ('DIC'), Bulleh Shah Packaging (Private) Limited ('BSPPL'), Packages Lanka (Private) Limited ('PLL'), Linnaea Holdings Inc. ('LHI'), Chantler Packages Inc. ('CPI'), Packages Real Estate (Private) Limited ('PREPL'), Packages Power (Private) Limited ('PPPL'), Anemone Holdings Limited ('AHL') and Flexible Packages Convertors (Proprietary) Limited ('FPCL') (together, the 'Group') are engaged in the following businesses:

Packaging:	Representing manufacture and sale of packaging materials and tissue products
Inks:	Representing manufacture and sale of finished and semi finished inks
Construction:	Representing all types of construction activities and development of real estate
Paper and paperboard:	Representing manufacture and sale of paper and paperboard of all kinds
Investments:	Representing and managing investments
Power generation:	Representing the development and management of hydropower project

The Group also holds investment in companies engaged in the manufacture and sale of biaxially oriented polypropylene ('BOPP') films and cast polypropylene ('CPP') films, plastic, insurance business and production and sale of ground calcium carbonate products.

The registered office of the Group is situated at 4th Floor, the Forum, Suite No. 416 - 422, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi, Pakistan. Head office and the factory is located at Shahrah-e-Roomi, P.O. Amer Sidhu, Lahore, Pakistan.

- 1.1** The Board of Directors (the 'Board') of the Parent Company, in its meeting held on April 24, 2019, has evaluated and approved internal restructuring of the Parent Company with an objective to create a holding company, subject to procuring all applicable regulatory, corporate and third party approvals and execution of relevant documents / agreements between the parent company and relevant subsidiaries. This arrangement will help in developing operating synergies across businesses, managing operations in a focused manner and streamlining the ownership structure. The proposed restructuring shall not affect the rights of the shareholders of the Parent Company.

In this regard, the Parent Company has incorporated two wholly owned subsidiaries and will transfer:

- (a) the manufacturing businesses of the Parent Company including folding cartons, flexible packaging, consumer products and mechanical fabrication and roll covers along with all relevant assets, operations and corresponding liabilities into a separate 100% wholly owned subsidiary, namely Packages Convertors Limited; and
- (b) the investment business of the Parent Company comprising shares of various companies, operations along with corresponding liabilities, if any, into another 100% wholly owned subsidiary, namely Packages Investments Limited.

The Parent Company will be a holding company and all assets, properties and liabilities other than those assets, operations and corresponding liabilities being transferred to the above-mentioned wholly owned subsidiaries will remain with the Parent Company. The transaction has been approved by shareholders of the Parent Company in EOGM held on May 30, 2019. Packages Convertors Limited and Packages Investments Limited filed an application with Securities and Exchange Commission of Pakistan (SECP) for affecting the above-mentioned transfers of assets and corresponding liabilities. Subsequent to year end, SECP has approved the above mentioned application filed subject to fulfilment of certain conditions. Packages Convertors Limited intend to proceed with the transfer of the manufacturing businesses against the issuance of shares. Packages Investments Limited is currently evaluating different options for the transfer in light of the approval granted by SECP.

Accordingly, the Board, in its meeting held on March 12, 2020, has resolved to consummate the transfer of manufacturing businesses and to hold the transfer of investment business for the time being and will finalize the way forward in this regard in the best interest of the Group and its shareholders.

- 1.2** The COVID-19 outbreak has developed rapidly in 2020. The pandemic has not only resulted in significant number of infections but has also adversely impacted the global economy.

In Pakistan, the Punjab Government through Notification NO. SO (IS-II) dated March 23, 2020 ordered lockdown in entire province giving exemptions to specific institutes and industries. Packages Limited and its local subsidiaries except Packages Real Estate (Private) Limited, being engaged in provision of essential services, comes under the exemption given by the Punjab Government through continuation of the above notification dated March 25, 2020.

Mall Operations are closed from March 22, 2020 (except Carrefour, Pharmacy and Banks). Resultantly, revenue of PKR 71.6 Million has not been recorded due to suspension of operations as at March 31, 2020. As per State Bank of Pakistan Circular ERD/M&PRD/PR/01/2020-32 dated March 26, 2020, the entity has also applied to the commercial banks for relaxation in repayment of principal of its credit facilities by one year. The impact of measures to reduce the COVID-19 has also impacted the credit risk of the customers of the entity, which along with other macro-economic factors will also impact the expected credit losses in the subsequent periods.

Corona Virus pandemic has also adversely affected the operations of Flexible Packages Convertors (Pty) Limited and Packages Lanka (Private) Limited which has resulted in lower sales.

2. Basis of preparation

These condensed interim unaudited consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- i) International Accounting Standard ('IAS') 34, 'Interim Financial Reporting', issued by International Accounting Standards Board ('IASB') as notified under the Companies Act, 2017 ; and
- ii) Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3. Significant accounting policies

3.1 The accounting policies adopted for the preparation of this condensed interim unaudited consolidated financial statements are the same as those applied in the preparation of preceding annual published financial statements of the Group for the year ended December 31, 2019.

3.2 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the Group's condensed interim consolidated financial statements covering annual periods, beginning on or after the following dates:

3.2.1 Standards, amendments and interpretations to accounting standards that are effective in the current period

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on January 1, 2020, but are considered not to be relevant or to have any significant effect on the Group's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim consolidated financial statements.

3.2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Group's accounting periods beginning on or after January 1, 2020 but are considered not to be relevant or to have any significant effect on the Group's operations and are, therefore, not detailed in these condensed interim consolidated financial statements.

4. Taxation

Income tax expense comprises current and deferred tax. SECP vide its certificate dated December 14, 2017, has registered the Parent Company and its wholly-owned subsidiary BSPPL (together the 'Tax Group') as a Group and has also, vide its certificate dated January 1, 2018, designated the Tax Group for the purpose of group taxation under Section 59AA of the Income tax Ordinance, 2001. Consequent to the filing of declaration for group taxation for the tax year 2020 by the Parent Company and BSPPL, the Tax Group will be taxed as one fiscal unit for the said tax year 2020. SECP has vide its certificate dated July 30, 2019 has altered the composition of the Tax Group to include the Parent Company, BSPPL, PIL and PCL therein. Further, SECP vide its certificate dated November 06, 2019 has approved the designation of the Parent Company, BSPPL, PIL and PCL for Group Taxation.

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. Current and deferred taxes based on the consolidated results of the Tax Group are allocated within the Tax Group on the basis of separate return method, modified for determining realisability of tax credits and tax losses which are assessed at Tax Group level. Any adjustments in the current and deferred taxes of the Parent Company on account of group taxation are credited or charged to condensed interim unaudited consolidated profit or loss statement in the period in which they arise.

5. Critical accounting estimates and judgements

The preparation of these condensed interim unaudited consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim unaudited consolidated financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended December 31, 2019, with the exception of changes in estimates that are required in determining the provision for income taxes as referred to in note 4.

6. This represents loan repayable to Babar Ali Foundation and is interest free. It is being carried at amortised cost using a market interest rate of 16% for a similar instrument

7. Long term finances

	Note	March 31, 2020 Un-audited	December 31, 2019 Audited
(Rupees in thousand)			
Local currency loans - secured	7.1	15,453,493	16,359,325
Foreign currency loans - secured	7.2	1,710,013	1,803,106
		17,163,506	18,162,431
Preference shares / convertible stock - unsecured		932,650	932,650
		18,096,156	19,095,081
Current portion shown under current liabilities		(3,684,543)	(4,146,686)
		14,411,613	14,948,395
7.1 Local currency loans - secured			
Opening balance		16,359,325	14,667,258
Disbursements during the period / year		-	5,000,000
		16,359,325	19,667,258
Repayments during the period / year		(905,832)	(3,307,933)
Closing balance		15,453,493	16,359,325
7.2 Foreign currency loans - secured			
Opening balance		1,803,106	1,486,270
Disbursements during the period / year		46,853	763,704
		1,849,959	2,249,974
Repayments during the period / year		(101,335)	(467,729)
Exchange adjustment on opening balances		(38,611)	20,861
Closing balance		1,710,013	1,803,106

8. Contingencies and commitments

8.1 Contingencies

- (i) Claims against the Group by ex-employees not acknowledged as debts Rs. 26.631 million (2019: Rs. 26.631 million).
- (ii) Guarantees issued in favour of Office of Excise and Taxation and Total Parco Pakistan Limited aggregating to Rs. 50.024 million (2019: Rs. 19.624 million).
- (iii) Letters of guarantees issued to various parties aggregating to Rs. 420.314 million (2019: Rs. 1057.720 million).
- (iv) Standby letter of credit issued by Habib Bank Limited - Pakistan ('HBL Pakistan') in favour of Habib Bank Limited - Bahrain ('HBL Bahrain') on behalf of the Parent Company amounting to USD 7.803 million equivalent to Rs. 1,300.801 million (2019: USD 7.803 million equivalent to Rs. 1,208.287 million) to secure long term finance facility provided by HBL Bahrain to Anemone Holdings Limited ('AHL') wholly-owned subsidiary of the Parent Company. The standby letter of credit is secured against pledge of Nestle Pakistan Limited shares owned by the Parent Company.
- (v) The Group received, vide order PRA/18/14 dated November 20, 2018, a tax demand of Rs. 614.817 million including penalty of Rs. 29.277 from Additional Commissioner, Enforcement - I, Punjab Revenue Authority ('AC') under section 52 of Punjab Sales Tax on Services Act, 2012, read with Punjab Sales Tax on Services (Withholding Rules, 212 /2015) against short payment of withholding tax on various mall construction related services during 2014 to 2016.

The Group being aggrieved filed an appeal before Commissioner Appeals which was decided in the favour of the Group. The department filed an appeal before the Appellate Tribunal, Punjab Revenue Authority which is pending adjudication. The management based on opinion of legal counsel is hopeful of a favorable outcome of this case accordingly, no provision has been made in these condensed interim unaudited consolidated financial statements.

- (vi) The Parent Company's share in contingencies of associates and joint venture accounted for under equity method is Rupees 0.155 million (2019: Rupees 0.155 million).

8.2 Commitments in respect of

- (i) Letters of credit and contracts for capital expenditure Rs. 146.026 million (2019: Rs. 585.062 million)
- (ii) Letters of credit and contracts for other than capital expenditure Rs. 1,352.078 million (2019: Rs. 2,534.799 million)

9. Property, plant and equipment

		March 31, 2020	December 31, 2019
	Note	Un-audited	Audited
(Rupees in thousand)			
Operating fixed assets	9.2	24,827,342	25,183,824
Capital work-in-progress	9.3	2,608,487	2,582,814
Major spare parts and stand-by equipment		158,969	158,969
		27,594,798	27,925,607

9.1 A portion of the land on which the Parent Company's factory is situated, measuring 231 kanals and 19 marlas, was leased out to the Parent Company by GoPb from December 1955 till November 2015 after which the lease has not been renewed. During the year 2015, the Parent Company approached the Board of Revenue ('BoR'), GoPb to renew the lease; however, no adequate response was received. On January 5, 2019, the Supreme Court of Pakistan ('Court'), summoned BoR, to which the BoR stated that the new policy of the GoPb is not to lease state land but to sell it through open auction. Consequently, the Parent Company was directed to deposit Rs. 500 million with the BoR as security to the payment of outstanding amount of rent to be determined, with such amount being adjustable against final amount of rent. The Parent Company has deposited such amount in compliance with the direction on January 10, 2019. The Supreme Court has further directed Additional Advocate General, Punjab on January 16, 2019 that subject to the Court's approval, two surveyors be appointed for determination of rent based on industrial usage of the land for the period from December 2015 till date. However, no surveyors have been appointed and the Parent Company has filed an application to Supreme Court for determination of rent. Moreover, the Court has further decided that the land shall be sold through an open auction with the Parent Company getting the first right of refusal.

9.2 Operating fixed assets

	March 31, 2020	December 31, 2019
Note	Un-audited	Audited
(Rupees in thousand)		
Opening net book value	25,183,824	24,904,761
Additions during the period / year	908,599	3,361,365
Transfer in at book value - net	-	6,561
	908,599	3,367,926
	26,092,423	28,272,687
Disposals during the period / year at book value	(14,554)	(95,454)
Transferred out at book value - net	-	(75,517)
Depreciation charged during the period / year	(848,883)	(3,315,290)
Exchange adjustment on opening book value - net	(401,644)	397,398
	(1,265,081)	(3,088,863)
Closing net book value	24,827,342	25,183,824

9.2.1 Additions during the period / year

Freehold land	156	248,819
Buildings on freehold land	123,102	25,381
Buildings on leasehold land	-	1,761
Plant and machinery	708,808	2,578,697
Other equipment	44,593	321,661
Furniture and fixtures	6,689	20,006
Vehicles	25,251	165,040
	908,599	3,361,365

9.3 Capital work-in-progress

		March 31, 2020	December 31, 2019
	Note	Un-audited	Audited
(Rupees in thousand)			
Civil works		89,968	55,486
Plant and machinery		2,399,277	2,101,406
Others		109,869	925
Advances		9,373	424,997
		<u>2,608,487</u>	<u>2,582,814</u>
10. Intangible assets			
Opening net book value		405,617	370,423
Additions during the period / year		98	39,250
Deletions during the period / year		-	(11,681)
Amortization charged during the period / year		(8,766)	(33,265)
Exchange difference		(36,228)	40,890
		<u>360,721</u>	<u>405,617</u>
11. Investments accounted for using the equity method			
Investments in associates	11.1	5,777,598	6,535,947
Investments in joint ventures	11.2	455,794	455,760
		<u>6,233,392</u>	<u>6,991,707</u>
11.1 Investments in associates			
Cost		3,386,278	3,386,278
Post acquisition share of profits and reserves net of impairment losses			
Opening balance		3,149,669	4,622,874
Share of (loss) / profit from associates - net of tax		(74,678)	18,805
Share of other comprehensive loss - net of tax		(683,671)	(401,829)
Effect of change in accounting policy		-	5,490
Impairment loss		-	(998,839)
Dividends received during the period / year		-	(96,832)
		<u>2,391,320</u>	<u>3,149,669</u>
Closing balance		2,391,320	3,149,669
Balance as on	11.1.1	<u>5,777,598</u>	<u>6,535,947</u>
11.1.1 Investment in equity instruments of associates - Quoted			
IGI Holdings Limited, Pakistan			
15,033,041 (2019: 15,033,041) fully paid ordinary shares of Rs. 10 each			
Equity held 10.54% (2019: 10.54%)			
Market value - Rs. 2,128.378 million (2019: Rs. 3,066.740 million)	11.3	4,018,996	4,704,911
Tri-Pack Films Limited, Pakistan			
12,933,333 (2019: 12,933,333) fully paid ordinary shares of Rs 10 each			
Equity held 33.33% (2019: 33.33%)			
Market value - Rs. 877.268 million (2019: Rs. 1,088.728 million)		1,758,602	1,831,036
		<u>5,777,598</u>	<u>6,535,947</u>

11.2 Investments in joint ventures

	March 31, 2020	December 31, 2019
Note	Un-audited	Audited
	(Rupees in thousand)	
Opening balance	455,760	303,685
Additions during the year	-	185,000
Share of loss from joint ventures - net of tax	(1,825)	(13,414)
Share of other comprehensive income / (loss) from joint ventures - net of tax	1,859	(6,009)
Dividends received during the period / year	-	(13,502)
Closing balance	11.2.1 <u>455,794</u>	<u>455,760</u>

11.2.1 Investment in equity instruments of joint ventures - Unquoted

Plastic Extrusions (Proprietary) Limited, South Africa

500 (2019: 500) fully paid ordinary shares of ZAR 1 each		
Equity held 50% (2019: 50%)	15,497	13,638

OmyaPack (Private) Limited, Pakistan

49,500,000 (2019: 49,500,000) fully paid ordinary shares of Rs. 10 each		
Equity held 50% (2019: 50%)	440,297	442,122
	<u>455,794</u>	<u>455,760</u>

11.3 The Parent Company's investment in the IGI Holdings Limited ('IGIH') is less than 20% but it is considered to be an associate as per the requirement of IAS 28 'Investments in Associates' because the Parent Company has significant influence over the financial and operating policies through representation on the board of directors of IGIH.

12. Other long-term investments

	March 31, 2020	December 31, 2019
Note	Un-audited	Audited
	(Rupees in thousand)	
Quoted		
Nestle Pakistan Limited		
3,649,248 (2019: 3,649,248) fully paid ordinary shares of Rs. 10 each		
Equity held 8.05% (2019: 8.05%)		
Cost - Rs. 5,778.896 million (2019: Rs. 5,778.896 million)	12.1 & 12.2 <u>24,449,962</u>	29,376,446
Unquoted		
Pakistan Tourism Development Corporation Limited		
2,500 (2019: 2,500) fully paid ordinary shares of Rs. 10 each	25	25
Orient Match Company Limited		
1,900 (2019: 1,900) fully paid ordinary shares of Rs. 100 each	-	-
Coca-Cola Beverages Pakistan Limited		
500,000 (2019: 500,000) fully paid ordinary shares of Rs. 10 each	5,000	5,000
Equity held 0.0185% (2019: 0.0185%)		
	<u>24,454,987</u>	<u>29,381,471</u>

12.1 Nestle Pakistan Limited is an associated undertaking under the Companies Act, 2017. However, for the purpose of measurement, this has been classified as available for sale investment as the Group does not have a significant influence over its operations.

12.2 As of March 31, 2020, an aggregate of 1,195,000 (2019: 1,195,000) shares of Nestle Pakistan Limited having market value of Rs. 8,006.500 million (2019: 9,619.750 million) have been pledged in favour of HBL Pakistan. Out of aggregate shares pledged, 775,000 (2019: 775,000) shares are pledged against issuance of standby letter of credit in favour of HBL Bahrain as referred to in note 8.1 and the remaining 420,000 shares (2019: 420,000) are pledged against the term finance loan from HBL Pakistan.

13. Cost of sales and services

	Three months ended	
	March 31, 2020	March 31, 2019
	Un-audited	Un-audited
	(Rupees in thousand)	
Materials consumed	7,556,172	7,831,927
Salaries, wages and amenities	1,158,725	1,034,629
Travelling and conveyance	10,994	9,736
Fuel and power	1,602,899	1,440,347
Production supplies consumed	308,637	285,810
Rent, rates and taxes	43,640	82,548
Insurance	50,577	49,778
Repairs and maintenance	277,438	229,028
Packing expenses	227,236	203,345
Depreciation on owned assets	1,031,817	1,096,015
Amortization of intangible assets	3,863	3,488
Technical fee and royalty	43,200	36,625
Other expenses	312,571	296,255
	12,627,769	12,599,531
Opening work-in-process	1,197,511	973,939
Closing work-in-process	(736,059)	(471,862)
	13,089,221	13,101,608
Opening stock of finished goods	4,546,110	3,839,768
Closing stock of finished goods	(4,071,267)	(4,390,647)
	13,564,064	12,550,729

14. Transactions and balances with related parties

Relationship with the Group	Nature of transactions	Three months ended	
		March 31, 2020	March 31, 2019
		Un-audited	Un-audited
(Rupees in thousand)			
i. Associates	Purchase of goods and services	327,489	240,528
	Sale of goods and services	3,640	8,202
	Insurance premium paid	196,012	127,399
	Rental and other income	7,418	6,896
	Insurance claims received	5,876	2,811
	Commission earned	1,567	769
ii. Joint ventures	Purchase of goods and services	69,040	35,421
	Sale of goods and services	39,539	40,987
	Rental and other income	1,084	878
iii. Other related parties	Purchase of goods and services	248,808	196,025
	Sale of goods and services	71,371	159,822
	Rental and other income	1,547	-
	Royalty and technical fee - expense	14,215	12,853
	Commission earned	55	26
	Commission expense	237	895
	Rent expense	-	2,185
	Donations	16,957	23,087
	Dividend paid	-	-
iv. Retirement benefit obligations	Expenses charged in respect of retirement plans	84,476	56,244
v. Key management personnel	Salaries and other employee benefits	31,597	34,571

All transactions with related parties have been carried out on mutually agreed terms and conditions. There are no transactions with key management personnel other than under the terms of employment.

Period / year end balances

	March 31, 2020	December 31, 2019
	Un-audited	Audited
	(Rupees in thousand)	
Receivable from related parties		
Associates	114,585	57,178
Joint ventures	51,046	37,165
Other related parties	22,686	360,587
Payable to related parties		
Associates	208,120	118,121
Joint ventures	39,300	28,541
Other related parties	502,049	295,502
Retirement benefit obligations	17,772	17,784

These are in the normal course of business and are interest free.

15. Segment Information

	Packaging Division		Consumer Products Division		Ink Division		Paper & Paperboard		Real estate		General and un-allocated		Total	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited
	(R	u	p	e	s	i	n	t	h	o	s	a	n
)
Revenue from external customers	8,817,616	8,251,581	1,592,260	1,243,015	1,103,606	942,338	4,131,539	3,265,672	821,226	876,631	24,899	78,159	16,491,146	14,657,396
Intersegment revenue	192,246	196,684	-	-	234,636	209,596	1,047,957	1,240,204	2,226	2,107	4,743	1,788	1,481,808	1,650,379
	9,009,862	8,448,265	1,592,260	1,243,015	1,338,242	1,151,934	5,179,496	4,505,876	823,452	878,738	29,642	79,947	17,972,954	16,307,775
	442,641	558,280	208,749	100,738	127,197	118,840	(153,229)	(451,701)	(7,167)	27,516	(227,462)	848,971	390,729	1,202,644
Segment profit / (loss) before tax	20,949,653	20,420,088	3,054,891	2,518,464	3,078,178	3,037,227	24,223,888	24,695,234	11,878,772	12,018,713	37,913,606	40,020,567	101,098,999	102,710,303
	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited

Reconciliation of profit

	March 31, 2020	March 31, 2019
	Un-audited	Un-audited
	(Rupees in thousand)	
Profit for reportable segments	390,729	1,202,644
Loss from associates and joint ventures - net of dividends	(76,503)	(1,497)
Intercompany consolidation adjustments	(73,299)	(178,200)
Profit before tax	240,927	1,022,947

16. Cash generated from operations

	Three months ended	
	March 31, 2020	March 31, 2019
	Un-audited	Un-audited
	(Rupees in thousand)	
Profit before tax	240,927	1,022,947
Adjustments for:		
Depreciation on owned assets	848,883	930,422
Depreciation on right-of-use assets	46,826	-
Depreciation on investment properties	211,082	204,766
Amortization of intangible assets	8,766	8,945
Provision for accumulating compensated absences	207,075	189,654
Provision for retirement benefits	178,755	185,598
Profit on disposal of operating fixed assets	(17,608)	(21,800)
Finance costs	1,036,762	771,660
Provision against pending claims	25,917	5,594
Expected credit loss	72,148	109,679
Liabilities no longer payable written back	(6,410)	(450)
Exchange adjustments - net	188,124	15,341
Share of profits of associates and joint ventures accounted for using the equity method	76,503	1,497
Dividend income	-	(1,096,038)
Profit before working capital changes	3,117,750	2,327,815
Effect on cash flow due to working capital changes		
Increase in trade debts	(1,541,757)	(1,492,400)
Decrease / (increase) in stores and spares	121,038	(322,943)
(Increase) / decrease in stock-in-trade	(1,474,884)	851,757
Decrease / (increase) in loans, advances, deposits, prepayments and other receivables	68,439	(465,809)
Increase / (decrease) in trade and other payables	3,186,202	(597,483)
	359,038	(2,026,878)
	3,476,788	300,937
17. Cash and cash equivalents		
Cash and bank balances	287,588	330,598
Finances under markup arrangements - secured	(11,413,138)	(9,268,036)
	(11,125,550)	(8,937,438)
18. Financial risk management		
18.1 Financial risk factors		

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed interim unaudited consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at December 31, 2019.

There have been no changes in the risk management department or in any risk management policies since the year ended December 31, 2019.

18.2 Fair value estimation

The different levels for fair value estimation used by the Group have been explained as follows:

Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)

Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

The following table presents the Group's material financial assets that are measured at fair value at March, 31 2020.

	Un-audited (Rupees in thousand)			Total
	Level 1	Level 2	Level 3	
<i>Recurring fair value measurement</i>				
Assets				
Investments- FVOCI	24,449,961	-	5,000	24,454,961

The following table presents the Group's material financial assets that are measured at fair value at December 31, 2019:

	Audited (Rupees in thousand)			Total
	Level 1	Level 2	Level 3	
<i>Recurring fair value measurement</i>				
Assets				
Investments- FVOCI	29,376,446	-	5,000	29,381,446

19. Detail of subsidiaries

Name of the subsidiaries	Accounting year end	Percentage of holding	Country of incorporation
Anemone Holdings Limited	December 31	100.00%	Mauritius
Bulleh Shah Packaging (Private) Limited	December 31	100.00%	Pakistan
Chantler Packages Inc.	December 31	72.07%	Canada
DIC Pakistan Limited	December 31	54.98%	Pakistan
Flexible Packages Converters (Proprietary) Limited	December 31	63.50%	South Africa
Linnaea Holdings Inc.	December 31	79.07%	Canada
Packages Convertors Limited	December 31	100.00%	Pakistan
Packages Investments Limited	December 31	100.00%	Pakistan
Packages Lanka (Private) Limited	December 31	79.07%	Sri Lanka
Packages Power (Private) Limited	December 31	100.00%	Pakistan
Packages Real Estate (Private) Limited	December 31	75.16%	Pakistan

20. Date of authorization for issue

These condensed interim unaudited consolidated financial statements were authorized for issue on April 23, 2020 by the Board of Directors of the Parent Company.

21. Events after the balance sheet date

The Board of Directors of the Parent Company has proposed a final cash dividend for the year ended December 31, 2019 of Rs. 12.00 per share (2018: Rs. 15.00 per share), amounting to Rs. 1,072.554 million (2018: Rs. 1,340.693 million) at their meeting held on March 13, 2020 for approval of the members at the annual general meeting which is scheduled to take place on May 29, 2020.

22. Corresponding figures

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim unaudited consolidated statement of financial position has been compared with the balances of annual consolidated audited financial statements of preceding financial year, whereas, the condensed interim unaudited consolidated profit or loss account, condensed interim consolidated statement of comprehensive income, condensed interim unaudited consolidated statement of changes in equity and condensed consolidated cash flow interim statement have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purposes of comparison. However, no significant reclassifications have been made.



Syed Hyder Ali
Chief Executive & Managing Director



Asghar Abbas
Director



Khurram Raza Bakhtayari
Chief Financial Officer